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Balladur Asks U.S. to Join In Cracking New Markets

He Urges West to Resist Trade Onslaught From Low-Wage Countries

By William Drozdzak
Washington Post Service

PARIS — Prime Minister Edouard Balladur of France said Monday that the time had come for the United States and Europe to resolve their trade conflicts through cooperative action aimed at preserving their high living standards against challenges from low-wage countries.

On the eve of talks with President Bill Clinton in Washington, Mr. Balladur said his 10-year-old conservative government wanted to break the impasse in world trade negotiations with a new approach. This, he said, would emphasize the common interests of Western industrial democracies in prying open protected markets in Asia and Latin America.



President Clinton introducing Judge Ruth Bader Ginsburg at the White House on Monday after nominating her to be the nation's second woman to serve on the Supreme Court.

Clinton Picks A Woman as Nominee for High Court

Judge Ruth Ginsburg, 60, Hailed as Pioneer In Rights for Women

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — President Bill Clinton nominated Ruth Bader Ginsburg, a woman's rights pioneer and moderate-to-liberal federal judge, to the Supreme Court on Monday, making her only the second woman ever named to the court.

The selection ended a highly public three-month search that saw the fortunes of several other leading candidates rise and fall as their qualifications were picked over by senators and the capital's interest groups.

In announcing his decision, the president called Judge Ginsburg, 60, "a path-breaking attorney" who would be "an able and effective architect" of consensus building on the Supreme Court. He characterized her as "progressive in outlook, wise in judgment, balanced and fair in her opinions."

In Russia, a Dream Trip Abroad Is a Headache

By Michael Dobbs
Washington Post Service

MOSCOW — Natalya Panova dreams of visiting friends in Germany. It is a dream made easier by the collapse of communism and the end of the Cold War—but her dream is rapidly turning into a nightmare.

For the last month, Miss Panova has spent half her waking hours standing outside Passport Office No. 109, 562 helped organize the other would-be travelers from the Moscow suburbs of Knutsaev into an incredibly orderly line of 782 people, at last count.

The passport office interviews 25 people a day. Miss Panova hopes to submit her application for a passport by the end of this month. If all goes well, she should receive it by the end of August.

She will then go to the German Consulate, joining more than 30,000 people seeking visas. At the rate the Germans are processing applications, she may get her foot in the door by the end of the year.

"Sometimes I wonder whether it is worth it, this dream of mine," said Miss Panova, who in the rare moments when she is not waiting in line, works as a bookkeeper for a video rental company.

"Everything is getting terribly complicated. I do not know whether I will succeed. But I am a determined person and I have decided to see this through, right to the end."

Problems like Miss Panova's are commonplace as millions of Russians try to exercise their new travel rights. A combination of red tape and Western consulates' delays in issuing visas has made a mockery of the government's pledges to abolish the travel restrictions after the collapse of the Soviet Union.

A Test of Power in Washington: Clinton Versus the Lobbyists

Human Rights Vow On China Derailed By Trade Pressures

By Michael Weisskopf
Washington Post Service

WASHINGTON — President Bill Clinton's decision last month to retreat from a campaign pledge and extend preferred trading status to China for a year followed a lobbying campaign as intense as any ever witnessed here.

But while the pressure came directly from Beijing, behind what seemed like a diplomatic decision, U.S. corporations, maneuvering to advance their own interests, played the leading role.

The companies directed letters, telephone calls and influential visitors to the White House, and they organized support in Congress for the low tariffs that Beijing demanded as a condition for buying American goods and services.

Energy Plan's Foes Poured on the Coal Starting Last Year

By Michael Wines
New York Times Service

WASHINGTON — Jim McAvoy remembers well when he and a cadre of the capital's top lobbyists held their first meeting to plot the demise of President Bill Clinton's energy tax. It was December 1992. Mr. McAvoy recalls: "I left it and went straight to our Christmas party."

Not only was the tax plan little more than Washington dinner-party grist; the president wasn't even the president yet. Mr. Clinton would not suggest squeezing money from British thermal units until February. Congress would not vote on a tax until May.

But opponents were already hard at work.

And last week — after the proposed tax on coal was lowered; after aluminum smelters and barge operators got a break; after farmers and city dwellers won exemptions for the diesel fuel that heats homes and runs combines; after oil refiners and gas and electric companies moved the tax off their backs and onto consumers; after grain merchants won and then lost a battle to exempt ethanol; after chemical and glass makers secured protective against untaxed foreign competitors — last week, after that and more, the White House gave up on enacting a tax on the heat content of fuel, at least for now.

U.S. Gunships Attack Somali Arms Caches For a 3d Day

By Keith Richburg
Washington Post Service

MOGADISHU, Somalia — U.S. planes and helicopters pounded the southern side of the capital Monday as the strategy appeared to shift to demolishing the military capability of Somalia's most powerful warlord.

But civilian casualties rose as witnesses and relief groups said an errant U.S. shell or missile hit a tea stand just before midday, injuring several Somalis.

The daylight attack by a U.S. Cobra helicopter firing in one of the capital's most congested neighborhoods came hours after U.S. AC-130 gunships for a third straight night strafed arms depots and weapons sites controlled by General Mohammed Farrah Aidid, a warlord.

U.S. officials said that crates and bulldozers now would be subject to attack because U.S. intelligence suggested this equipment was being used by militia to build up sand barricades around Mr. Aidid's house.

Japan Ruling Party Grows Fatter on Diet of Privilege

By T. R. Reid
Washington Post Service

TOKYO — The people of Japan got their first rough look on Monday at how much their politicians are worth, and a few general patterns emerged:

- Politicians are richer than average workers.
- Older politicians are richer than young ones.
- The older members of the ruling party are richest of all.

For the first time ever, the 749 members of Japan's national Diet, or parliament, issued statements of their personal wealth. Because of vague reporting rules, the disclosures left many points unclear. But one clear pattern was that veteran members had a lot more wealth to report than juniors did.

Since Diet membership is a full-time job that does not pay enough to accumulate wealth, the obvious implication is that there is illicit money on the side: either as "gifts" or as political contributions turned to personal use.

The reports seemed likely to increase public disgust with politicians in general and with Prime Minister Kiichi Miyazawa in particular. Mr. Miyazawa's latest political "reform" bill seems to be dying in the Diet, just as the financial disclosure forms seem to heighten the importance of remedial legislation.

If the reform collapses now, it would increase the possibility of a singular shift: Analysts are seeing that there is a chance Mr. Miyazawa's Liberal Democratic Party could lose control of the Diet for the first time in 38 years.

Regular illegal pay-off scandals have occurred for years now. Last fall's big scandal led to the disgrace and criminal conviction of Shin Kanemaru, who had been Mr. Miyazawa's mentor and the party strongman. After that, the Diet members passed a law requiring disclosure of their personal assets.

Like their counterparts in the U.S. Congress, the Diet members made the disclosure law vague enough that it is impossible to draw definite conclusions about their wealth. Among other things, the disclosure exempts the holdings of wives and families. It also exempts cash and jewelry — an interesting choice, since police have since learned that Mr. Kanemaru kept billions of his hidden yen in cash and gold bars.

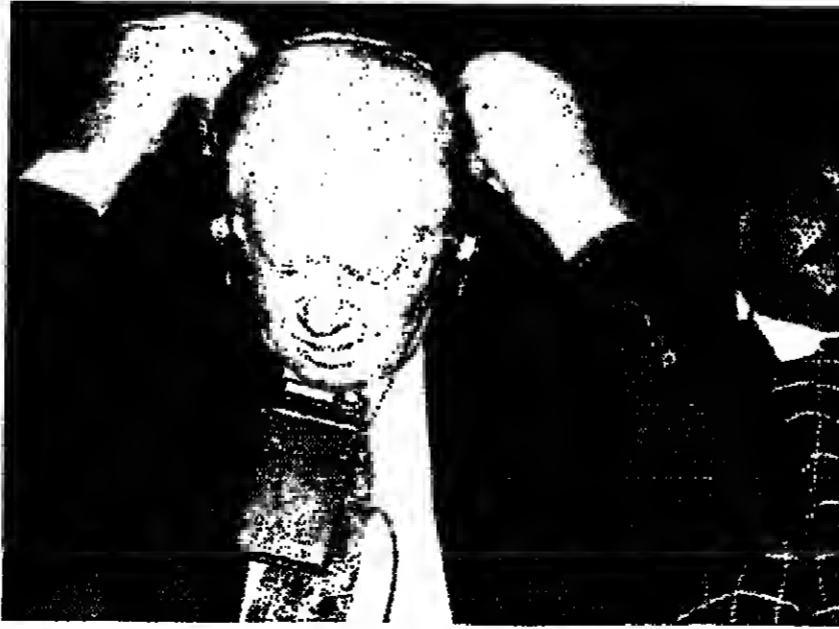
But based on the information provided, newspapers here concluded that the average politician reports considerably higher assets than the typical Japanese family. The politicians' average worth was about \$840,000. The Asahi Shimbun newspaper said the average Japanese family had assets of about \$390,000.

These figures look high to Americans because the value of the dollar has been weakened sharply in recent years. To get a feel for the real worth of these figures, compare them to the average price of a two-bedroom condominium in greater Tokyo: \$530,000. Thus the biggest proportion of most Japanese people's wealth is the value of their home.

The reports showed a few multimillionaires in the Diet, but most of them had inherited business fortunes before they entered politics.

The striking thing about the reports was that they showed politicians growing considerably richer the longer they serve in the Diet.

"The assets increase sharply around the time



Former President Jimmy Carter with Yelena Bonner, widow of Andrei Sakharov, at the Vienna human rights conference. Page 2.

Kiosk

UN Seeks More Troops for Bosnia
 UNITED NATIONS, New York (Reuters) — The UN recommended Monday that 7,500 additional troops, backed by air power, be sent to Bosnia immediately to guard civilians in six so-called UN safe areas.

But the report, by Secretary-General Boutros Boutros Ghali, said 34,000 soldiers would be needed if the six Muslim towns and enclaves were to be protected properly.

Mr. Boutros Ghali said the 7,500 would be a "light option" that would not, in itself, guarantee the defense of the safe areas.
Related article, Page 4

Dow Jones	Trib Index
Up 9.68 3,514.69	Up 0.59% 104.87
The Dollar	
New York, Mar. close	previous close
DM 1.6285	1.6278
Pound 1.5269	1.522
Yen 105.10	106.20
FF 5.476	5.4745

The official said at least four more Cobra attack helicopters were being sent to the area.

General Aidid is being targeted because of his suspected role in organizing June 5 ambushes that killed 23 Pakistani serving with the United Nations peacekeeping force.

The attacks on General Aidid's strongholds were seen as an important show of UN resolve in the face of the unprovoked ambushes. But with the bombing continuing, and the list of targets apparently expanding, the UN, led by the United States, now seems to some observers intent on breaking the back of the Aidid militia.

A retired U.S. Navy admiral, Jonathan T. Howe, the chief UN envoy in Somalia, confirmed that the operation goes beyond simply punishing General Aidid and seeks to demobilize

WORLD BRIEFS

U.S. Stresses a Rights Code In Vienna, Christopher Urges One Standard

By Elaine Sciolino
New York Times Service
VIENNA — Committing the Clinton administration to a strong defense of human rights worldwide, Secretary of State Warren M. Christopher spoke out Monday with sharp criticism of Third World countries that seek to justify human rights abuses by citing different religious and cultural traditions.

Washington's relations with all countries, even traditional friends of the United States. Adhering to conference rules, the secretary of state did not single out countries or groups he considered guilty of human rights abuses. But he did feel free to applaud human rights successes, such as reversal of the recent coup attempt in Guatemala and the UN-supervised elections in Cambodia.

led by China, Syria, Cuba and Iran — to erode the concept of the "universality" of human rights. Specifically, Mr. Christopher argued that countries that respect human rights are generally the most peaceful and stable, while the worst violators are the world's aggressors and proliferators.

U.S. Ties Aid to Turkey To Human Rights Gain

By John M. Goshko
Washington Post Service
ISTANBUL — The U.S. secretary of state, Warren M. Christopher, has offered Turkey a revitalized relationship with the United States that could include expanded aid and trade. But he also told Turkish leaders that favored treatment would depend on improvements in their nation's human-rights record.



Canada's prime minister-designate, Kim Campbell, greeting supporters after her selection in Ottawa.

First Woman to Lead Canada

By Charles Trueheart
Washington Post Service
OTTAWA — Margaret Thatcher, it is safe to say, would not have celebrated the joy of her greatest political victory by boogeying on stage to the throb of rock music, dipping her hips and kicking up her heels before a hall full of ecstatic young campaign workers.

"Four more years!" she opened all her fingers and chanted back, "Ten more years!" Brian Mulrooney, whom she succeeds as leader of the party, is stepping down after 10 years at the helm of the Progressive Conservatives, Canada's right-of-center ruling party.

huge income-security system, a daunting entitlement patchwork in a country even more bound up in welfare than the United States. Cash transfers to individuals and provincial agencies account for 60 percent of federal spending, and 1.5 million Canadians — 11 percent of the work force — are jobless.

Rabin Talks Tough on Golan Issue

JERUSALEM (Reuters) — Prime Minister Yitzhak Rabin talked tough Monday before the resumption of Arab-Israeli peace talks, vowing not to cede the Golan Heights to Syria or make gestures to Palestinians. Israel's 19-month-old negotiations with Syria, Lebanon, Jordan and the Palestinians resume in Washington on Tuesday.

Extremists Go on Trial in Germany

KONSTANZ, Germany (Reuters) — Four rightist extremists went on trial Monday for two arson attacks and for vandalizing a Jewish cemetery and graves for Nazi death-camp victims in southern Germany last year.

HIV-Infected Haitians Flown to U.S.

MIAMI (AP) — The final group of HIV-infected Haitian political refugees who had spent nearly two years inside a guarded U.S. compound at a base in Cuba began arriving in Miami Monday.

Abiola Ahead in Nigeria's Election

LAGOS (Reuters) — The millionaire Muslim businessman Moshood K.O. Abiola has taken a clear lead in Nigeria's presidential election, first official results showed on Monday. His staff said their figures showed he had beaten the challenger Bashir Othman Tofa in Saturday's voting.

Swiss Lean Toward Airline Merger

BERN (Reuters) — The Swiss government, in an apparent softening of its position, said Monday that its interest in maintaining air links with other countries could be met by a multinational airline company with Swiss participation.

TRAVEL UPDATE

Tensions in Brazzaville have led the State Department to warn U.S. citizens against traveling to Congo. The department also warned against travel to Azerbaijan because of political instability. SAS will begin offering scheduled flights to Russia's Baltic city of Kaliningrad, the airline said Monday. It will start in October with three flights a week from Copenhagen, Kaliningrad, formerly Königsberg, once closed to visitors because of its secret military installations, is now a free trade area.

COURT: Woman Is Nominated

Continued from Page 1
commitment to the defense of individual autonomy. As a judge, she has upheld abortion rights but also has questioned the legal construction of the key abortion ruling, Roe v. Wade. Mr. Clinton had insisted on a nominee who would uphold the right to privacy, including abortion.

Reporter's Query Angers Clinton

WASHINGTON — President Bill Clinton cut short a news conference on Monday, at which he announced his Supreme Court nomination, after one question. The question was asked by Brit Hume of ABC News after Mr. Clinton had announced his selection of Judge Ruth Bader Ginsburg. Mr. Hume asked whether the shuffling of names of people reported to be in line for the Supreme Court and other posts "may have created an impression, perhaps unfair, of a certain zig-zag quality in the decision-making process here."

INES: Long Wait to Go Abroad

Continued from Page 1
forced Russian travel companies to cancel dozens of charter flights to foreign countries. The new travel law, adopted in May 1991, was to have taken effect at the start of 1993, but the bureaucrats did little to prepare for it and the implementation was postponed for two months. When it became effective March 1, there was chaos. A promise to cut the passport waiting period to a month at the most was forgotten.

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STATESIDE / COURTING DOCTORS

Mrs. Clinton Offers Doctors a Trade-Off



TAKE A CARD, ANY CARD—President Clinton inspecting greeting cards during his visit to a Washington bookstore.

By Robert Pear
New York Times Staff
CHICAGO—In a speech to the American Medical Association, Hillary Rodham Clinton has proposed a "new bargain" in which the White House would limit malpractice lawsuits...

She told the doctors what they wanted to hear on many issues, including medical malpractice, but she largely avoided issues on which Mr. Clinton and the AMA disagreed.

Health Care Reform, which was originally supposed to develop a proposal by May 3 to control health costs and guarantee insurance coverage for all Americans.

plans for which they worked. In addition, she said, doctors would have "the option of being part of more than one plan at the same time," even though various health plans will be in competition with one another.

Mrs. Clinton said doctors must take the lead in cracking down on incompetence, negligence and other abuses by physicians. In return, she said, the administration would try to protect the "clinical autonomy" of doctors, reduce paperwork and remove legal obstacles to self-regulation of the profession.

Speaking to an audience of more than 1,000 at the annual meeting of the AMA, Mrs. Clinton said doctors would not register "trust and respect and professionalism" without completely changing the operation and structure of the nation's health care system.

"Over the last decade," Mrs. Clinton said, "our health care system has been under extraordinary stress. That stress has begun to break down many of the relationships that stand at the core of the health care system."

Accordingly, Mrs. Clinton said, "we have to work harder to renew trust in who doctors are and what doctors do."

Mrs. Clinton was head of the President's Task Force on National Health Care Reform.

Under the president's plan, she said, patients would be able to choose their doctors, and doctors would be able to choose the health

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LOBBY: How the Energy Tax Was Short-Circuited

Continued from Page 1
dred thousand dollars by direct mail last winter to battle the tax.

After studying the impact of the Bu energy tax, he wrote, "we have decided to exempt both ethanol and methanol."

The Chemical Manufacturers Association used calls and visits by hometown company executives to secure an "equalizer" tax on competing imports.

On the states of two crucial senators on the Finance Committee, Mr. Boren and John Breaux of Louisiana, the group spent about \$100,000 mobilizing public opinion.

Emboldened by that how to the farm belt, Northeastern senators demanded a break for their constituents too.

The Chemical Manufacturers Association used calls and visits by hometown company executives to secure an "equalizer" tax on competing imports.

How well such campaigns work is an open question, Mr. Jasnowski, Mr. McAvoy and Mr. Nesbitt agreed that their millions might have been wasted had average people not already been uneasy.

"I think we threw a match on something that the White House had already thrown gas on," Mr. McAvoy said, "and that ignited a real brush fire."

POLITICAL NOTES

Black Democrats Warn on Medicare Cuts
WASHINGTON—Black Democrats in the House have warned that the Senate Finance Committee's plans for further cuts in Medicare spending threatened the future of President Bill Clinton's entire budget in Congress.

The president of the United States says he's staying out of it as it relates to the Senate until such time as it goes to conference," Mr. Rangel said on the NBC News program "Meet the Press."

IF BUSH'S III, ALL'S ALL READY, THANKS TO GEORGE
WASHINGTON—Relying on a "road map" prepared by the Bush administration, Mr. Clinton and Vice President Al Gore have adopted comprehensive procedures for a transfer of power in case of serious presidential illness or death.

Emergency Surgery for Pennsylvania Senator
PHILADELPHIA—Senator Arlen Specter, Republican of Pennsylvania, underwent surgery Monday to remove a tumor that appeared to be benign.

Quote/Unquote
Stanley B. Greenberg, Bill Clinton's pollster: "The Democratic Party needs to figure out that it is a governing party. It needs to see that we are all in it together, and we will all be held accountable. It is a new experience for Democrats."

Away From Politics
The Supreme Court agreed to decide whether abortion advocates may use racketeering or antitrust laws to sue protesters who block access to abortion clinics.

After hypodermic needles were found in sealed cans of Diet Pepsi bottled six months apart, the Food and Drug Administration warned consumers in Washington, Oregon, Alaska, Hawaii and Guam to pour the contents of their drink into a glass and inspect the container.

Undamaged by torrential rains, a parking lot at a Marriott Courtyard Hotel in Atlanta collapsed into a sinkhole. At least one person died. The sinkhole, at least 210 feet (64 meters) wide, was 10 to 100 feet deep and growing.

Another is that some arguments against the tax were plausible, not merely political. Some gas utilities could show that the tax exceeded their profits; chemical makers could show how a similar tax, levied on chemicals to finance the Superfund toxic-waste cleanup program, had caused exports to plummet.

But the White House also fought a poor fight, the lobbyists said. Saddled with public suspicion of his economic plan and diverted by brush fire crises, Mr. Clinton never explained why a Bu tax was needed.

Some said the White House faltered by handing out tax breaks to silence opponents, rather than insisting on shared sacrifice.

"They allowed their proposal to move from a relatively fair tax, across the board, to one that was riddled with loopholes," said Jerry Jasnowski, president of the National Association of Manufacturers, a Washington-based industry lobby.

While Mr. Clinton was absorbed by Bosnia, Haiti and the search for an attorney general, "we had a very single-minded coalition that focused on defeating the Bu tax and substituting spending reductions in its place," Mr. Jasnowski said.

The White House also was crippled by a few powerful Democrats, including Senator David L. Boren of Oklahoma and Representative Charles W. Stenholm of Texas, who opposed the tax fiercely and publicly, and made opposition politically legitimate.

Then there were professionals like Mr. McAvoy, a Republican who ran "truth squads" to spread his party's message at the Democratic National Convention last July.

Advocacy's business is fertilizing grass roots—in this case, cultivating anti-tax sentiment for 1,400 lobbies and businesses headed by the Manufacturers Association and dubbed the American Energy Alliance.

In February, Randy Cruise, who farms 3,000 acres of corn and soybeans in Pleasanton, Nebraska, learned that the White House planned to tax ethanol, a corn-based fuel that competes with gasoline, at a maximum rate. Mr. Cruise is president of the National Corn Growers Association.

Besides the Treasury secretary and Budget Director Leon E. Panetta, he went to Agriculture Secretary Mike Epy and farm-state Democrats like Senator Bob Kerrey of Nebraska.

Joining the cause was the Renewable Fuels Association, a trade group that includes Archer-Daniels-Midland Co., maker of 70 percent of all ethanol and a prolific political donor.

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LD BRIEFS

High on Golan Issue
Prime Minister Yitzhak Rabin said on Tuesday that he will not return all of the Golan Heights.

Trial in Germany
Four rightist communists were arrested in Germany for their alleged role in the assassination of German Chancellor Helmut Schmidt.

Attorneys Flow to U.S.
HIV-infected Haitians are being arrested in Miami and elsewhere as part of a racial profiling drive.

Nigeria's Election
The Nigerian business community is expected to support the presidential candidate of the ruling party.

Airline Merger
A new airline company is being formed by the merger of two existing airlines.

UPDATE

The State Department said that it has received information that a senior official of the Iraqi government has been involved in the arms trade.

The United States will not support a resolution in the Security Council that would condemn the Israeli government for its actions in the occupied territories.

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A Muslim Holdout in Bosnia Reports Serbs Are Closing In

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina—The isolated town of Gorazde was struck Monday by intense mortar and artillery shelling, and officials there reported that Serbs were closing in on the town, which is the last major Muslim-defended enclave in eastern Bosnia.
 Gorazde is crowded with about 70,000 residents and people who fled war and massacres in the region.
 Sarajevo also shook with incoming and outgoing mortar and artillery rounds. The airlift of aid was resumed after being suspended for one day because of shelling of the airport.
 Fahrudin Becic, speaking by amateur radio from Gorazde, said Serbs had killed 66 people and wounded more than 100 in the previous 24 hours and had moved to within two and a half miles (four kilometers) of the outskirts.
 More than 200 people need "urgent evacuation," Mr. Becic said, adding that a large number of sick and wounded were dying because of a shortage of medicine.
 At least 52 people were reported killed Sunday in an artillery attack on an improvised hospital in Gorazde.
 Bosnian Serbs, who control about 70 percent of the former Yugoslav republic, seek unchallenged authority over eastern Bosnia. Gorazde has been cut off for months and has been under fierce attack

for 18 days. Bosnian Serb leaders have refused to allow UN monitors enter the town.
 The United Nations designated Gorazde a safe area on June 4, along with Srebrenica, Zepa, Sarajevo, Tuzla and Bihać.
 In Sarajevo, Bosnian Serbs initially prevented aid trucks from reaching the city by setting up a fortified checkpoint on the road leading to the airport. They later relented but showed no sign of pulling back from the road.
 The Bosnian Croatian military said Monday that mainly Muslim government forces were razing Croatian villages and killing or expelling thousands of their inhabitants in central Bosnia.
 UN officials confirmed the destruction of one Croatian village and severe bombardment of another in the embattled Kakanj pocket in the last 24 hours but had no information on mass killings or expulsions.
 Meanwhile, about 250 of 450 trucks in a Muslim relief convoy ambushed and ransacked by Croats in retaliation for a Bosnian offensive in central Bosnia finally reached the northeastern city of Tuzla, a UN spokesman said.
 Croatian troops killed at least nine drivers on the convoy, prompting British troops to return fire, killing two attackers and wounding a third.
 In Vienna, UN Secretary-General Boutros Boutros Ghali said he was in favor of a new London conference on Yugoslavia and said the Vance-Owen peace plan for Bosnia could be amended.
 "I am in favor of a return to the London conference, a new London conference on the basis of cooperation between the European Community on one side and the United Nations on the other," he said at a news conference.
 Mr. Boutros Ghali said the inter-

national peace plan for Bosnia drawn up by Cyrus R. Vance, a former UN envoy, and an EC mediator, Lord Owen, ought to be retained as a framework for further talks.
 The Vance-Owen plan was adopted as a blueprint for negotiations between warring Bosnian Serbs, Croats and Muslims following the London conference on Yugoslavia in August 1992.
 "It can be modified with agreement from the bodies but it is a basis," the secretary-general said. "It is important to retain the basis and build on amendments to find an agreement with the different protagonists."
 Secretary of State Warren M. Christopher on Monday gave conditional support to the call for a new London peace conference.
 Noting that Washington continues to back a negotiated settlement in the Balkan civil war, Mr. Christopher said that if "there is a call for another conference to reach a viable settlement, of course, that's something we would support."
 In Geneva, the site of fresh negotiations between Bosnia's three ethnic groups, diplomats said it was now generally accepted that the Vance-Owen plan was dead.
 (AP, Reuters)



BRIDGEHILL, THE ASSOCIATED PRESS
BANGLADESH FLOODING—Left homeless by flood waters, a family wading to shelter in the northeastern region of Bangladesh. Nearly 20,000 fled the village of Moulvibazar on Monday after gushing flood waters killed 18 people. This raised to 160 the number dead in flooding in the past two months.

TV Copter Crashes in Seoul
 The Associated Press
SEOUL—A helicopter carrying a television production team crashed into the Han River here Monday, killing five people, the police said. Three people were pulled alive from the water.

SOMALIA: U.S. Gunships Attack Weapons Dumps in Mogadishu for 3d Consecutive Day

Continued from Page 1
 all the world's heavy weapons and ammunition depots.
 "The goal of this operation is to disarm the city of Mogadishu," Mr. Howe said. He said the ambush of the Pakistani nine days ago "provides the opportunity now to really get moving on disarmament."
 In aiming to remove him as a major military force, the United States is moving beyond the earlier, ambivalent disarmament policy of the U.S.-led intervention, which sought to negotiate with Somalia's various warlords and allowed them to keep their weapons stockpiles if they didn't use them.
 The June 5 ambush of the peacekeepers has apparently allowed the United States, under the umbrella

of the UN, to begin implementing a new policy that attempts to forcibly disarm the warlords, beginning with the air strikes on heavy equipment and supplies around the city.
 Spokesmen for some relief agencies said they wanted to distance themselves from the UN, since they feared the initial goal of the military intervention — to allow humanitarian operations to proceed unimpeded — had now been overtaken by the objective of engaging Somalia's warlords in combat.
 There are also questions of accountability and control if, as many here fear, the bombardment appears to drag on, civilian casualties mount, or the operation goes awry.
 Already there have been doubts, following Sunday's bloody incident where Pakistani troops fired on Somali protesters, killing at least 14 and wounding many others.
 Mr. Howe said he had asked the

FRANCE: Appeal to U.S.

Continued from Page 1
 telecommunications contracts worth billions of dollars stirred consternation throughout the Community. France and other European governments warned that such actions could sow distrust throughout the Community and ultimately damage the security interests of the trans-Atlantic alliance.
 "At the heart of this problem is the question of whether Europe should exist or not," Mr. Balladur said. He said he would tell Mr. Clinton that "the political and economic identity of Europe must be preserved" if a successful GATT accord is to be reached.
 A principal motive behind Mr. Balladur's trip, an aide said, is to emphasize to the Clinton administration that playing one ally against another was "like playing with fire" because breaking up the Community would have harmful security consequences for the United States.
 Mr. Balladur acknowledged that the EC Commission maintained negotiating authority for the 12 member states and said that his trip should not be seen as an attempt to encroach on that mandate. "I am not going to demand anything or negotiate anything, only promote what I see as Europe's interests," Mr. Balladur said.
 Until now, France has borne much of the criticism for the deadlock in the trade talks because of its refusal to impose additional sacrifices on its highly-subsidized farmers.
 Last week, Mr. Balladur's government ended a long-standing controversy between the Community and the United States by approving an agreement to limit oilseed production. Even though France was granted extra compensation by its partners, French farmers were furious over what they perceived as a sell-out by their government under pressure from other Community members and the United States.
 Since then, Mr. Balladur has stoutly reaffirmed France's rejection of the deal, reached last fall at Blair House in Washington by U.S. and Community negotiators, that would curtail farm export subsidies. "We cannot accept this as the basis of any agreement because it is unbalanced and it limits our exports at a time when growth is already insufficient," Mr. Balladur said.
 The Gaullist prime minister, who has taken pains to coordinate his views on key international issues with President François Mitterrand, a Socialist, insists that a "step-by-step approach" to solving the 15 areas of contention involved in the GATT negotiations will never achieve a balanced, overall agreement.
 Mr. Balladur echoed the previous Socialist government in asserting that the United States will have to open up its market in the realm of financial and other services, where France is the world's No. 2 exporter, if it expects to gain further concessions from France and other European trade partners toward a GATT agreement.

CHINESE: Trade Derails Rights

Continued from Page 1
 president's economic advisers. They flooded the White House with letters from thousands of shoe store managers.
 Wheat grower lobbyists organized a letter-writing campaign by leaders of major grain states, stressing the industry's dependence on China as its No. 1 cash customer.
 Lobbyists from General Electric, Weyerhaeuser and the trucking, aerospace and apparel industries lined up lawmakers to join a House task force opposed to laying down conditions for the trade status, aides said.
 Led by influential Democrats, it demonstrated political support for a policy less stringent than Mr. Clinton had campaigned on.
 Making a case for good business, industry shifted the focus of the debate away from China's human rights record and memories of the Beijing suppression of pro-democracy demonstrators in June 1989 that killed scores of students.
 "It had a significant impact," said an official involved in the trade status decision. "We're dealing directly with CEOs, who are dealing with opportunities they can grasp. You're not talking about a theoretical China market. You're talking about jobs next year."
 Although U.S. industry executives and Chinese diplomats occasionally meet to discuss strategy, the lobby is not so well coordinated as the colorful assemblage of rightist politicians, religious leaders and others that managed to maintain U.S. recognition of the rival Chinese government on Taiwan for 30 years after it lost the mainland.
 The new alliance is bound by a common interest in U.S.-China trade, which reached a record \$33 billion last year. China is the fast-growing major market for U.S. exports and the dominant source of toys, apparel and footwear in the United States.
 Congressional supporters of trade privileges for China come from states with significant trade. These include two from farm states — Senator Robert J. Dole, Republican of Kansas, and Representative Lee H. Hamilton, Democrat of Indiana.
 Others are Senator John C. Danforth, Republican of Missouri, and Representative Jim McDermott, Democrat of Washington — states with important aviation industries.
 As important as the China market is to this country, the advantage lies with Beijing. Last year, it ran up an \$18 billion trade surplus, the second highest among U.S. trading partners. The United States is the largest market for Chinese exports, growing by 35 percent last year.
 Beijing opens the trade door wide enough to show the profitability of the China market, then leaves it to the profit seekers to wield whatever political influence is needed to keep the door open, analysts say.
 Gearing up for the most-favored nation fight in 1990, the Chinese commercial counselor, Huang Wenjun, sent letters to companies urging them to "display your impact in the U.S. government, the Congress, as well as news mediums."
 When Chinese agribusiness officials visited Washington in May, the Chinese Embassy relied on the National Association of Wheat Growers to set up meetings for them with lawmakers from farm states to discuss grain purchases and trade status.
 An embassy spokesman denied any calculated strategy. "U.S. businessmen express their views out of their own interest, which has not

ing to do with the Chinese government," he said.
 But Beijing knows how to set those business forces in motion. Neaning this year's debate, for example, Chinese trade delegations were sent on a U.S. shopping spree, moving from city to city in well-publicized visits.
 Before the trip ended, the Chinese spent \$800 million for jetliners from Boeing in Seattle, \$160 million for vehicles from the Big Three automakers in Detroit and \$200 million for oil exploration equipment from companies in Texas and Louisiana, U.S. officials said.
 With the reputation of penny pinchers, Chinese representatives offered to buy American steel at prices slightly higher than the Japanese and Koreans charge, a U.S. intermediary said.
 The \$30 million deal fell through, but before it did, the U.S. intermediary said, he was told that Beijing was willing to pay a premium price because of the "direct political benefit."
 But for every carrot it hands out, Beijing shakes its stick. U.S. companies are threatened with cancellation of orders or loss of future deals if China loses its preferred status, business sources said.
 With President George Bush in office, there was less need for direct intervention by U.S. companies.
 But when Mr. Clinton was elected on a pledge to link a renewal to China's behavior on human rights and arms sales, industry faced a "larger risk" and "had to come out as companies," said Douglas Paal, senior presidential adviser on Asia from 1986 to 1993.
 "A congressman feels more directly the pressure of a named corporation from his own constituency," he said.
 A product of such pressure was the emergence of the House task force that urges diplomatic pressure, not unilateral trade sanctions, to deal with human rights in China.
 "We want the number of jobs that are dependent on the vast China market to grow, not decline," the task force said in a May 25 letter to Mr. Clinton.
 On May 28, Mr. Clinton seized the middle ground staked out by the task force. Stressing China's "growing importance in the world economy," he extended most-favorable nation status for another year. He warned that future renewals would depend upon human rights progress in China.
 Mr. Miyagawa said, will be to confirm the public belief that politics is profitable." The result, he said, "will be a general increase in public disgust with politicians."
 Traditionally, politicians in Japan were viewed as honorable paupers, people who were paid in prestige rather than money. An old saying had it that a man retires from politics with nothing left but "the well and the fence"—having sold his home and his belongings to support himself in politics.
 Things are so different now that the Monday issue of *Asahi* ran its story on the disclosure forms under this headline: "Once It Was 'The Well and the Fence': Today, It's the Whole Plantation."

JAPAN: A Diet of Privilege

Continued from Page 1
 a member gets to his fifth term," noted Takayoshi Miyagawa, a well-connected political consultant. "This is the time when a member gets a clear association with some particular interest group. That's when the political contributions really kick in."
 Mr. Miyagawa said this also explained the sharply higher total assets reported by members of the dominant party — three times as high as the average of opposition party members. The analyst suggested this is because ruling party members have more clout, and thus get more contributions.
 "The political effect of the reports," Mr. Miyagawa said, "is to confirm the public belief that politics is profitable." The result, he said, "will be a general increase in public disgust with politicians."
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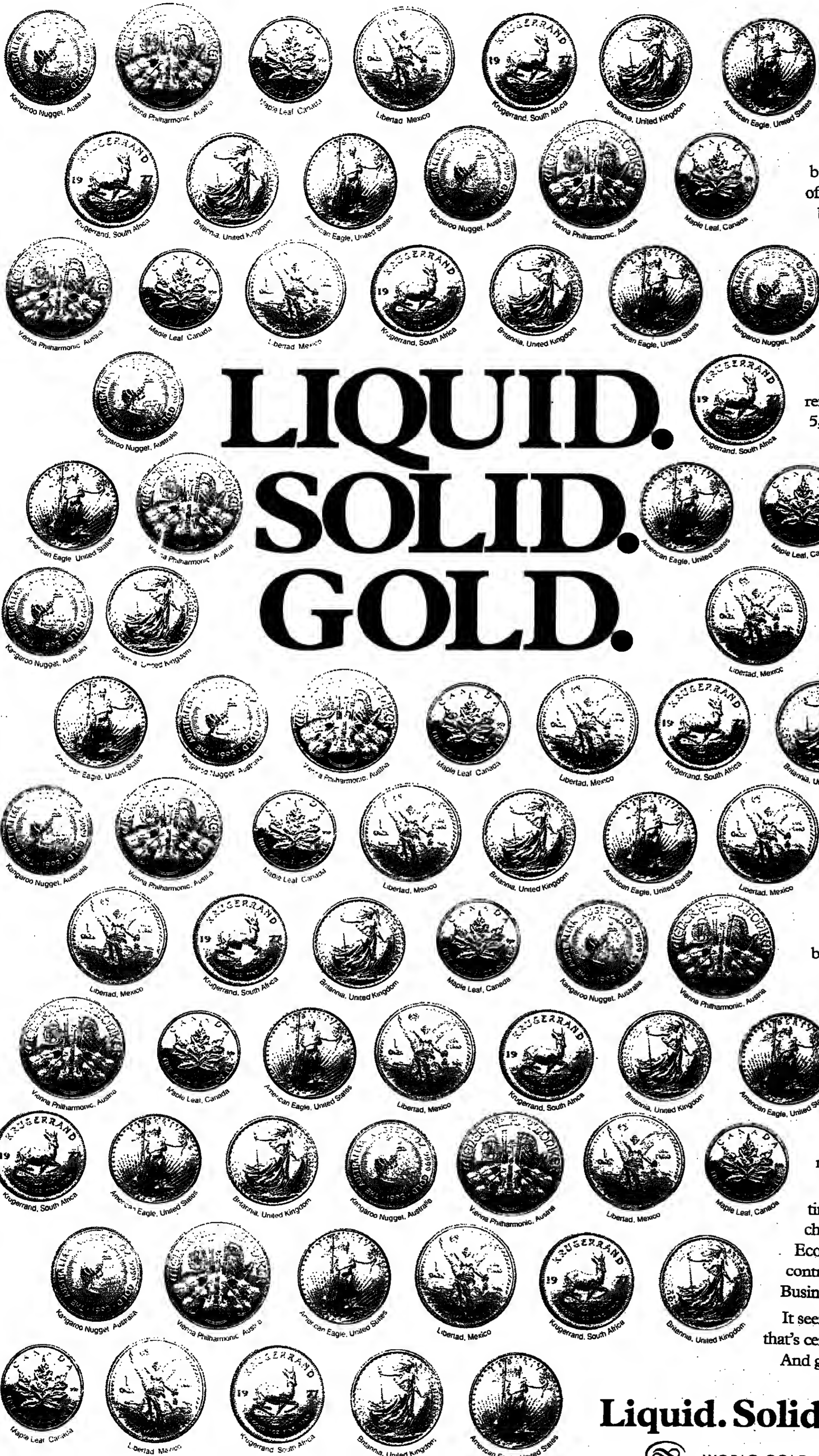
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Li Peng Reappears After Long Absence

By Leat H. Sun

Washington Post Service
BEIJING — Prime Minister Li Peng, looking relatively healthy, appeared in public for the first time Monday since an undisclosed illness forced him to drop out of view seven weeks ago.

Appearing slightly drawn in his face but walking and talking with vigor, Mr. Li, 64, met with Prime Minister Mahathir bin Mohamad of Malaysia in a welcoming ceremony at the Great Hall of the People. Mr. Li, who is widely believed to be suffering from a heart ailment, seemed to have lost some weight but otherwise seemed fit. His appearance Monday was aimed at dispelling growing speculation about his physical condition and political health. The state-run evening news led its broadcast Monday night, devoting more than five minutes to Mr. Li as he reviewed an honor guard and as he chatted with later with the Malaysian prime minister.

During his absence, Mr. Li is reported to have had a heart attack, or a stroke, or both. Some Hong Kong reports said he has liver cancer. But his appearance Monday only raised more questions. It remains unclear whether the hard-line prime minister is

physically capable of resuming a full work schedule, and whether his long absence was an attempt by the senior leader, Deng Xiaoping, to sideline the widely unpopular official, analysts said. Even Monday, officials would not disclose the nature of Mr. Li's sickness.

"As you have all witnessed, Premier Li Peng has done very well with his recovery and is now gradually resuming all his duties," the Foreign Ministry spokesman, Wu Jianzhi, said after the welcoming ceremony for Mr. Mahathir.

"As Li Peng's health gets better and better, he will certainly have more diplomatic duties to perform as premier," Mr. Wu said. Mr. Li is expected to meet with Prime Minister Paul Keating of Australia later this month.

During his meeting with Mr. Mahathir, Mr. Li, in a dark blue business suit, exchanged pleasantries with the Malaysian official and seemed to have no difficulty speaking. There had been speculation that one reason he did not appear — even in photographs or on the state-run evening news — was that his heart condition may have impaired his physical appearance.



Prime Minister Li Peng of China on Monday during welcoming talks with the visiting Malaysian prime minister.

U.S. Readies War on Alien Smugglers

By Joseph B. Treaster

New York Times Service
NEW YORK — Stated by the stranding of nearly 300 illegal Chinese immigrants aboard a tramp steamer off New York last week, after a surge of similar smuggling attempts along the coasts of Florida and California, federal officials say they are developing an arsenal of new countering tactics.

Under a plan being devised by the National Security Council and federal agencies, officials would be armed with some of the powerful tools now widely used against organized crime but banned in immigration cases: wiretaps, far-reaching conspiracy statutes and forfeiture laws to seize money and property obtained through smuggling.

Penalties for smuggling immigrants would be stiffened, too, rising to perhaps a maximum of 20 years in prison, up from five years.

Officials say they are also urging that intelligence satellites and other devices that have been used in the fight against drug traffickers be brought to bear against immigrant smugglers.

The strategy is being developed by a working group from the State Department, Justice Department, Immigration and Naturalization Service and the Coast Guard and

led by the National Security Council. Although the group had been working on the problem of sea-borne smuggling for several months, its efforts gained new impetus with the grounding off the coast of New York of the Golden Venture, which resulted in the deaths of six Chinese immigrants.

A main thrust of the effort, the officials say, is to confront the Chinese and Vietnamese gangs that dominate the multimillion-dollar immigrant smuggling business, often holding bewildered newcomers captive in near-slavery conditions and recruiting some as drug-runners, prostitutes and enforcers.

The effort marks a significant departure in the nation's approach to immigration enforcement. At least partly because of America's history as a nation of immigrants, immigration violations have long been regarded as somewhat benign and Washington officials have been reluctant to authorize harsh tactics against them.

"The perception has been of somebody just throwing people in the trunk of a car and driving across the Mexican border, not as organized crime where people were being hurt," said William J. Kerins, the acting director of the immigration service's anti-smuggling branch. "But it's getting out of control now. We're facing first-class criminal organizations and we need the proper tools to deal with them."

Though attention is now focused on Chinese gangs because of the recent arrivals of boatloads of illegal Chinese immigrants, Mr. Kerins said that equally violent gangs from Jamaica, Colombia, the Dominican Republic and Nigeria have begun to intertwine the smuggling of immigrants with drug trafficking, money laundering and other crimes.

The anti-smuggling plan, which is to be made public by the Clinton administration in the next few days, also calls for a campaign to press foreign governments to try to block crime syndicates from buying and outfitting smuggling boats as well as from organizing smuggling operations.

Torturing History in China

Museum Puts Ugly Twist on Fight to Sway Young Minds

By Nicholas D. Kristof

New York Times Service

CHONGQING, China — On a lush hillside here is a museum that has it all: a Torture Cave with iron rods heating ominously in a fire, an American-inspired concentration camp, grisly photographs of corpses, and a riveting American-made sound-and-light show of Communist heroes being massacred in 1949.

The museum, which focuses on the suffering that the Communists endured before coming to power in China, is a reminder that the government stays in power not only by constructing prisons, but also by building history.

The museum recounts the imprisonment and eventual massacre of underground Communists by the previous government — allegedly with American connivance — in the years before the Communist revolution's victory of 1949. But more broadly, the aim is to win young people's hearts and minds.

"Our task is to use historical facts to provide a revolutionary education for young people, especially students in elementary and high schools," said Li Hua, the director.

The museum here is a rebud of the government forces in a broad conflict over modern Chinese history. In a society where there are no meaningful elections, history is called upon to provide legitimacy for the rulers.

Naturally, this is a dangerous process, and the history books here are stuffed in the same way that ballot boxes are in other countries. But scholars are increasingly

daring in writing about the party's dirty laundry, and for the first time in this struggle for control of history the party seems to be on the defensive.

Even here in this museum, Mr. Li acknowledges some difficulties. "A lot of kids aren't interested in revolutionary history," he said. "They're interested in Hong Kong pop stars, in Western films. It's a problem. I've got to admit."

Even his own 12-year-old

daughter sometimes goes her own way and disagrees with mom and dad, Mr. Li acknowledged.

The United States does not come out very well in this museum, which 2 million people are herded through each year. Another 1 million people annually see a traveling exhibition that the museum sends to major cities around the country.

The factual starting point for the museum is that China and the United States operated a cooperative center from 1943 to 1946 to train Chinese police and intelligence agents. Chongqing, then known as Chungking, was the wartime capital, and the Communists and the National-

ists were then in an uneasy partnership against Japan.

After the Americans withdrew from the center in 1946, the Nationalists used it as a political prison. That is the basis for its name — on signs and pamphlets — as the "Chinese-American Cooperation Center Concentration Camp."

In the museum, one photograph shows an American training a Nationalist policeman how to handcuff a person by pinning his arm behind his back. The caption reads: "Training in murder."

Photographs of Americans training Chinese police are interspersed with gruesome pictures of the corpses of Communists who were killed years later in a 1949 massacre of 200 prisoners.

Asked if the museum was trying to blame the United States for China's own atrocities, Mr. Li looked hurt. He said that the museum had always acknowledged that the American role ended before the torture and killings began.

The purpose, Mr. Li and other museum officials said, was not to vilify either the United States or the Nationalists, but to build patriotism and give young people some heroes they could respect.

But in a larger sense, the party has not built its history museums to promote family values so much as to stay in power. The leadership's survival strategy is multipronged — riber major elements include silencing dissent and raising living standards — but one important dimension is to control history.

That is becoming more and more difficult, however.

Cambodia Assembly Proclaims Sihanouk as Chief

By William Branigan

Washington Post Service

PHNOM PENH — Cambodia's new Constituent Assembly, holding its inaugural session after the UN-supervised elections last month, proclaimed Prince Norodom Sihanouk as head of state on Monday with "full and special powers" to save the country from its long-running conflicts and new threats of partition.

The resolution, adopted as the 120-member assembly's first order of business, came after Prince Sihanouk appealed to the warring factions to "end the partition of Cambodia" and restore peace.

Although his new powers have yet to be defined, the resolution appeared to move the prince closer to recovering the position he held before he was deposed in 1970 by a U.S.-backed general, Lon Nol, at

the height of the Vietnam War. For Prince Sihanouk, it was an usurpation of power that he has been obsessed with reversing ever since.

In southeastern Cambodia, meanwhile, attacks on UN offices were reported in one of seven provinces declared "autonomous" by Prince Sihanouk's renegade son, Prince Norodom Chakrapong, a deputy prime minister in the Phnom Penh government. But

there were signs that the government was climbing down from a violent campaign against the UN peacekeeping mission here to protest alleged "irregularities" in the May 23-28 elections won by a royalist opposition party.

Prime Minister Hun Sen, whose governing Cambodian People's Party wound up with the second-largest share of seats in the new assembly, flew to Kompong Cham

Province after the inaugural session and reported that, contrary to Prince Chakrapong's assertions, it remains under central government control.

In a message to Yasushi Akashi, the head of the UN mission, Mr. Hun Sen sought credit for resolving an alleged "secession" problem that UN and opposition sources say his government created in the first place.

In an opening speech at the assembly session, Prince Sihanouk, 70, said the assembly "inaugurates a new era" of liberal democracy, political pluralism, free enterprise and respect for human rights. He appealed to the warring factions to restore Cambodia's "national, political and administrative unity" and "return to our beloved people the peace that nobody has the right to deny them."

A resolution introduced by Prince Norodom Ranariddh declared "null and void" the overthrow of Prince Sihanouk 23 years ago and recognized him retroactively as the "legal chief of state of Cambodia since 1970 without interruption."

It also conferred "full and special powers" on Prince Sihanouk so that "he may save our nation and lead it toward progress and prosperity."

North Korea Offers to Meet South, Then Cancels

Compiled by Our Staff

SEOUL — South Korea, encouraged by North Korea's decision to suspend its global nuclear weapons control pact, said Monday it had accepted an offer for talks but that the Communist leadership in the North then seemingly changed its mind.

Prime Minister Hwang Kyo-an said he had agreed to North Korea's proposal for a meeting Tuesday at the border village of Panmunjom.

In a telephone message to the North Korean prime minister, Kang Song-uk, Hwang said Seoul would send two delegations to the meeting in a telephone message to the North. But hours later, North Korea dashed hopes for the meeting in a telephone message to Seoul through liaison officer M. Christopher, for such a meeting they met in August at Monday. "We will inform your side of the results of our talks," the North's message said without explanation.

Mr. Hwang said that he had reacted positively to Pyongyang's decision to suspend its announced withdrawal from the Nuclear Nonproliferation Treaty and to seek a diplomatic solution to the nuclear issue.

The South's agreement to the Panmunjom meeting was a reversal of its initial insistence that the meeting should first discuss the Korean nuclear impasse.

In a separate development on Monday, Foreign Minister Shimon Peres of Israel said he wanted to visit North Korea to try to dissuade it from selling missiles to Iran.

Israeli Foreign Ministry officials said Mr. Peres would seek the support of the U.S. secretary of state, James M. Christopher, for such a mission. They met in August at Monday.

They said Mr. Peres had received an invitation from North Korea but had no firm travel plans. "I do not need a visa from the Americans to go to North Korea but the Americans are negotiating with the North Koreans," Mr. Peres told Israel Radio before leaving for Vienna to attend a UN conference on human rights.

Mr. Peres visited China last month. He said Beijing had promised then to end missile sales to Iran and Syria. Israeli officials said there had been secret contacts with North Korea.

Clinton to Visit Seoul

President Bill Clinton will visit South Korea on July 10-11 for talks with President Kim Young Sam focusing on security and economic ties and ways to counter North Korean nuclear weapons development, Agency France-Press reported Monday from Seoul.



IN WHAT COUNTRY WAS JOAN MIRÓ BORN 100 YEARS AGO?

Joan Miró. Self-portrait (detail), 1967-1968. Joan Miró Foundation, Barcelona.

Through centuries of feast and amine, boom bust, gold has consistent store prized for its and trusted medium of exchange. Paper assets can soar, or sink so low they're worthless. But gold's value is overpriced. For over 100 years, no one has said of gold, it's not worth the paper it's printed on. When you buy gold, you've acquired something solid. As gold is so extremely hard, Bullion coins make gold convenient to hold and easy to acquire (in as small as 1 ounce). Gold bullion can be bought in bulk, or in small denominations. Each million coin in this page is legal tender. The government backs it. We live in turbulent times. Gold shifts and spreads and shares up. We have no certainty.

ld.

Powell W

INTERNATIONAL **Herald Tribune**

Security for Ukraine

The United States has altered tactics to induce the important new state of Ukraine to honor its pledge to give up the nuclear warheads it inherited — physically but so far not operationally — from the old Soviet Union. After warning of economic and political reprisal on the nuclear issue, the Clinton administration is now also tendering certain positive assurances about the American-Ukrainian relationship as a whole. The results so far are thin. Many Ukrainians find stringy, even as Russia finds too generous. Washington's offer of political and security comforts as compensation for Ukraine's transfer of warheads on its soil to international storage, still the United States is on the right track.

ton disposition — sensible if it is not pushed too hard — to defer to Russia in matters affecting the old Soviet Union. Ukraine wants more than a pat on the back for good nuclear behavior. It wants respect for its national identity and a secure future alongside its large, traditionally imperial and still assertive Russian neighbor. In another day, Ukraine might have asked for a great-power guarantee in return for abandoning a national nuclear option. But with the Cold War over, Washington offers not hard, treaty-like guarantees but softer assurances of consultation, nonmilitary cooperation and American mediation services.

Trims at the Pentagon

President Bill Clinton's hopes to put America on a sound fiscal footing depend heavily on disciplining the defense budget now and for years to come. The Pentagon is now showing more willingness to help. It will need to do more. The Pentagon is scaling down its unrealistic strategy and no longer planning to fight two big wars at once. And it is considering cancellation of some costly new weapons systems. But it needs to cancel more if it is to avoid putting a jumbo mortgage on future revenues. That can be safely done because the United States already has the most advanced weapons in the world. No rival could conceivably challenge America's technological edge for at least a decade.

multi-role fighter, the AX and the F/A-18E/F. To develop and procure all four will take into the next century would cost a whopping \$300 billion. That is affordable only if the defense budget resumes rising again in future years. But why spend all that money when the air force and navy already have the world's finest aircraft? The bottom-up budget review now nearing completion in the Pentagon will cancel two aircraft programs next year. One is the multi-role fighter. A new such plane will be needed some time in the next century, but not now. It also needs to reconsider development of a multi-role joint attack fighter that Robert Hale of the Congressional Budget Office compares to "trying to combine a Mack truck with a Toyota Tercel — in the process you are going to get less of a truck."

For and With Africa: Tough Norms Against Thugs

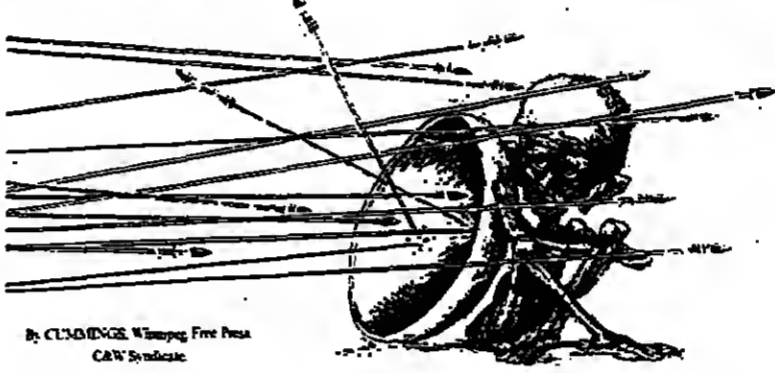
By Michael Clough

NEW YORK — The decision by United Nations forces to attack strongholds of the Somali warlord Mohammed Farrah Aidid should become part of an international campaign against political thuggery in Africa. Such a campaign will not succeed if it is seen as a largely American drive to police the world. What is required is an effort supported by Africans and organized around clear norms against political violence, plus a genuine commitment to set up the mechanisms for enforcing those norms.

war-induced famine that killed several hundred thousand people. In Liberia widespread fighting killed thousands and displaced more than half the population. Both Liberia and Somalia are now wards of the international community. The nominal government of Liberia is a so-called Interim Government of National Unity. Outside of the capital, Monrovia, it is powerless. Even there, real power rests with the commanders of a five-nation West African peacekeeping force that has occupied Monrovia for nearly three years. Most of the country is controlled by forces loyal to Mr. Taylor, the rebel leader who brought down Mr. Doe.

In Somalia, the attack on the UN forces was a clear sign that General Aidid and other warlords are unwilling to fade away without a fight. UN forces have responded, but it remains to be seen whether the way can be cleared for establishment of a transitional authority that excludes him and other warlords. The UN response could instead touch off a guerrilla war that would quickly force relief workers to leave Somalia, thus defeating the original purpose of the UN presence.

mendable, but, given the dangers now confronting Africa, and the timidity of U.S. policy, they are either naive or disingenuous. Most Africans want democracy — and the United States should help them to achieve it. But what they now most need is protection against terror and thuggery — and that will require much more than the rhetoric of free elections and democracy.



By CLAUDE W. SHAW, Free Press, CAW Syndicate

The writer is a visiting fellow at the Council of Foreign Relations and a senior adviser to the Stanley Foundation. He contributed this column to the Los Angeles Times.

NATO in Limbo: Clinton Should Transform It or Abandon It

By James Chace

NEW YORK — It seems likely that history will record the North Atlantic Treaty Organization's failure to respond effectively to the demise of that military and political partnership. With communism gone, NATO no longer has the task of containing the Soviet Union. To survive, it would have to be transformed into a broader organization that might eventually include the members of the Warsaw Pact, the old Soviet bloc military counterpart of NATO, and be given a new mission.

In his fiscal year 1994 military budget request of \$277 billion, President Clinton has nonetheless allocated about \$100 billion to a NATO that does not advance his foreign policy agenda and arguably frustrates it. If Mr. Clinton is not willing to take the lead in transforming NATO, he should abandon it. As the crisis in Bosnia illustrates, NATO is not more than an expensive fiction. Had Mr. Clinton decided to use military force there, it would have involved not NATO but a coalition of France, Britain and Russia — but not Germany, because of World War II.

European order, Washington is slipping into drift. Secretary of State Warren Christopher's characterization of the Bosnian conflict as "a humanitarian crisis a long way from home, in the middle of another continent" is reminiscent of Prime Minister Neville Chamberlain's description of Czechoslovakia in 1938.

Reluctant to come to grips with NATO's obsolescence, unwilling to try to transform it into an effective instrument of Western power and purpose, the United States is making what the 19th century British prime minister Lord Salisbury called "the commonest error in politics," which is "sticking to the carcasses of dead policies." As a result, the dominant fact of the administration's foreign policy so far is the collapse of the Western alliance.

The writer, who teaches international relations at Bard College at Annandale-on-Hudson, New York, is editor of World Policy Journal. He contributed this column to The New York Times.

Bizarre Moral Priorities

Only a year ago the U.S. Supreme Court struck down one kind of hate crime law as a violation of free speech. On Friday the justices gave the green light to a different type of statute aimed at the same problem. The 1992 case involved a statute that criminalized displays such as swastikas or the burning of crosses, which the court ruled was protected conduct. Friday's decision was about sentences, not criminal statutes. At issue was a Wisconsin law that substantially increases the penalties whenever any crime is determined to have been motivated by animus based on race, religion, color, disability, sexual orientation, national origin or ancestry.

"this conduct is thought to inflict greater individual and societal harm ... provoke retaliatory crimes ... and incite community unrest." This is speculative at best. Does a victim suffer less harm if he is bludgeoned by a colleague than he would if the culprit were someone from another church? Is an assault on a deaf person by a hearing person more likely to provoke retaliation than the beating of a member of one Mafia family by a member of another?



By HANZEL in the Frankfurt Allgemeine, CAW Syndicate

Latvia: Freedom to Savor and Share

By William Safire

RIGA, Latvia — There's a telephone directory in a hotel room. To people accustomed to freedom, that is expected. But to anyone who worked even for short bursts in the oppressive atmosphere of the Soviet Union, a telephone book is a symbol of freedom.

back, but half the residents are now Russians, Ukrainians, Jews and others of different ethnic backgrounds. To reassert its nationhood, Latvia denies citizenship to about half of those it calls "colonists."

der Soviet domination has left them with an abiding concern about security and a powerful respect for American military strength as well as a special appreciation of NATO as a community of shared values that could reinforce the democratic institutions of Eastern Europe.

Even without the Soviet Union, the world seems to them filled with risk as well as possibilities. Therefore, while the WEU proposed to diminish NATO, East Europeans expressed a desire to join it. WEU partisans were predictably unenthusiastic. Better, they suggested, that East European democracies become part of the European Community and in due time of the WEU — when the Community decides they are "ready."

Los Angeles Times Syndicate

Other Comment

Retaliation in Somalia

The retaliatory strikes against the forces of General Mohammed Farrah Aidid had been expected for days. The United Nations simply could not accept the deaths of 23 Pakistani soldiers and stand idly by if it did not want to completely lose the respect it has garnered for its peace mission in civil war-ravaged Somalia. But there were mixed reactions to attacks, on Radio Mog-

adishu and other targets, which should have been directed at the general and his followers. To be sure, General Aidid is not Saddam Hussein; but like him he seeks to present himself more as victim than perpetrator. Already there is resentment among General Aidid's followers against the United Nations, who seem to feel that as an instrument of the West the United Nations mainly serves Western interests.

Citizenship should not be based on race, religion, ethnicity, place of origin.

bers: the Soviets did not want people communicating. How soon we take freedom for granted. Only a few years ago, Western journalists often had to use cutouts to reach dissidents in the Baltics; at shabby tourist hotels, hard-eyed security agents acted as doormen, denying entry to locals; passports were taken and "processed" overnight. You always felt you were being followed, tapped, bugged, watched, used as an excuse to throw somebody in jail. The only air route out was via Moscow.

Stalin deported one third of the prewar population of Latvia, colonized the strategic country with hundreds of thousands of Russians, suppressed Latvian language and culture, and otherwise pioneered in what is now called ethnic cleansing. The Latvians want their country

back, but half the residents are now Russians, Ukrainians, Jews and others of different ethnic backgrounds. To reassert its nationhood, Latvia denies citizenship to about half of those it calls "colonists."

Admitted that failure would have required admitting, too, that even the best organizations and the most elaborate interlocking security systems are worth little without the leadership and political will so manifestly lacking in the killing fields of Bosnia.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Shakespeare's Jug

LONDON — Relics of the greatest of dramatists were on sale at Christie's yesterday (June 14). One was Shakespeare's jug of cream-colored earthenware. It was divided longitudinally into eight compartments, each horizontally subdivided, and within, principal deities of heathen mythology were represented in bold relief. Early this century a small medallion inscribed "William Shakespeare at the age of forty" was added. Accompanying the jug was a Malacca cane, in beautiful preservation. These articles, bequeathed by Shakespeare to his sister, Joan, remained in her family till the beginning of the century. They were sold for 155 guineas.

1918: Italian Offensive

ROME — Today's Italian communiqué says: In the early hours of yesterday morning (June 13), after intense artillery preparation, the enemy attempted to force our defenses of the

1943: Filling the Forces

WASHINGTON — [From our New York edition] — The drafting of fathers may be delayed a few months, it was indicated today (June 14) as Selective Service took steps to speed up the induction of childless men who deferred because of their occupations. The Selective Service announced that the fathers' draft will begin "at least by the last quarter of this year," as the supply of childless men is exhausted. Many of the more than 2,500,000 men previously rejected for physical reasons may be inducted because standards are much lower.

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OPINION

Powell Wins Converts With Polite Language

By Anthony Lewis

CAMBRIDGE, Massachusetts — At a lunch for the honorary degree recipients on Harvard's commencement day, General Colin Powell was asked to say a few words to the guests. When he finished, a woman who has been critical of the military said to a friend, "I'm going to start Pacifists for Powell."

In 24 hours in Cambridge, General Powell all but charmed birds from the trees. When he spoke extemporaneously, he was thoughtful, gracious, direct, easy. Then he delivered a formal speech to thousands, including protesters on a stage of gays in the military, and got a standing ovation.

The Powell visit was a phenomenon: a political phenomenon. Watching him turn audiences from skepticism to admiration, one had to think that after his retirement as chairman of the Joint Chiefs of Staff next September he will sooner or later run for public office.

The visit had another notable aspect. General Powell gave the clearest signal yet that a meaningful compromise on the gay issue is now acceptable to the military leadership — and is likely to happen.

Because he had said long ago that "open homosexuality would have a very negative effect on military morale and discipline," many at Harvard were critical of the decision to award him an honorary degree. He dismissed some when at lunch he praised the dignity of the protesters.

During the commencement ceremony a speaker on behalf of graduate students, Bhawanji Bhattacharya, deplored that gay men and lesbians

"have not been freely allowed to serve in the armed forces because they are different." When she finished, General Powell stood up and shook her hand.

He spoke about the Cold War and what its end means for America. He praised President Bill Clinton warmly for pledging help to Russia "in the spirit of Truman and Marshall." He said the emotions of Vietnam had dissipated, and "the armed forces are again at one with the people." Then, somewhat surprisingly, he directly addressed the gay issue.

"We took on racism," he said of the armed forces. "We took on drugs. We took on Tailhook. We will do the same, my friends, with the very difficult issue of homosexuals in the military."

The controversy involves two pressing interests: the interest of gay and lesbian Americans who want the privilege of serving, and on the other hand concern for cohesion in the military and the right to privacy.

"The president has given us clear direction to reconcile those interests, and I believe we are near a solution."

What was striking in that statement was not only the prediction that a solution was near. It was the way General Powell defined the issue, with respect for the interest of gays and lesbians who want to serve, a real change in the political outlook on the issue. Despite the angry words of recent months, there has been movement away from prejudice and fear. First, the official ban on gay service

has come to look more and more anachronistic. Former Senator Barry Goldwater has just called the policy "un-American discrimination." Israel, whose military Americans admire, has removed its last limits on homosexuals in the forces.

Second, anyone willing to open his mind even a little must know by now that many gays and lesbians have served well, and are serving, in the U.S. forces. The individual stories that have been broadcast to the country mock the notion that gays are unsuitable for service.

Third, efforts by the services to ferret out gays and lesbians and discharge them have become embarrass-

ing — "scareless" moves to destroy the careers of proven military assets, as Mr. Goldwater put it.

At a minimum, then, it seems that there can be agreement on stopping quick bans in the services.

Even Senator Sam Nunn of Georgia has said: "I do not believe we should have sex squads looking for ways to investigate service members' private, consensual behavior."

A formula for compromise might prohibit only public displays of sexuality — as sexual harassment is prohibited. It would probably not satisfy the gay movement, but it would be a major step. And with the backing of Colin Powell, it would surely get the necessary political support.

The New York Times



Haitians Pay for an Excess of Faith

By Douglas Farah

MONTEGRANDE, Haiti — When Elano Jean, who used to beg for a living because he is blind, managed to organize a group of other blind people and set up a school for their children in this isolated province, it hardly seemed subversive.

But as the school grew, according to Mr. Jean and regional human rights monitors, armed men began appearing, looking for the volunteer teachers and accusing them of teaching communism.

Many of the teachers have gone into hiding, leaving Mr. Jean to carry on as best he can with the 450 children and four teachers who were not scared off.

The local Catholic priest, the Reverend Joseph Simony, was arrested twice and threatened with death in recent months because of his physical resemblance to the deposed president Jean-Bertrand Aristide. His bishop's intervention freed him.

Such is life in rural Haiti, where, even for people accustomed to living with repression, the past months have been a nightmare. Thousands of elected leaders, religious workers and community organizers live in internal exile as the military has worked systematically to dismantle any vestige of community organization or development. Human rights groups agree that beatings, torture and extrajudicial executions are more common now than during the worst times of the Duvalier dictatorships, which lasted from 1957 to 1986.

The tragedy is that many Haitians have faced increased repression and danger because they took the international community, led by the United States, at its word. Haitians have suffered an excess of faith.

When candidate Bill Clinton pro-

mised that Haitian "boat people" would not be turned back without a hearing, thousands spent everything they had to build boats to prepare for exodus. When President Clinton reversed field and decided to continue the Bush administration's policy, it was seen in Haiti as a trade-off, with the implicit promise that Haiti would be a top priority and the Reverend Aristide's return would take place in days or weeks. And when observers from the Organization of Ameri-

can States arrived to monitor human rights, people believed it was the beginning of a short process that would culminate in Father Aristide's prompt return.

Booyed by promises of a quick restoration of democracy, elected officials, union organizers, community leaders and priests who had spent months in hiding after September 1991, when Father Aristide was overthrown by the military, returned to their homes. With about 150 OAS and UN officials sprinkled around the country, these people had the temerity to think they could begin to exercise their legal rights to political expression and organization.

Jean-Rene Marcoux, the Canadian leader of the OAS human rights monitoring group in the nearby provincial capital of Hinche, said that about 30 community leaders returned to town after his group arrived and set up shop. But after several were beaten, the rest fled again, with even fewer resources with which to survive, and exposed their entire families to new waves of repression.

Those arrested are usually beaten with wooden batons, according to Mr. Marcoux and other human rights monitors. "They are normally given 150 blows," he said; 50 for being Aristide supporters, 50 for belonging to the local peasant organization, and 50 for the OAS. "They have to count off the blows as they are given, and if they miss a number they have to start again," he said. Without any enforcement power and without the restoration of democracy, the international observers have been reduced to simply watching and reporting while the abuses continue.

When the OAS mission started, its leaders predicted in a report that there would be "serious problems for the mission if many months elapse before a legitimate government enjoying public confidence returns to power."

"The credibility of the mission will depend crucially on its ability not to merely report on human rights violations but to bring about redress and prevent violations..." the report said. "We believe the very success of the mission could rapidly bring difficulties that would imperil its further success... We find it hard to envision the mission performing successfully... without clear progress toward a political solution."

The report was prophetic. The Haitian

people did not just believe, they acted on what Mr. Clinton and the international community said. But as the international negotiating mission failed, the army has grown bolder. The army has on occasion even deliberately beaten people in front of the observers.

One of those who believed that the promised solution was at hand was Andre Elie. According to Mr. Marcoux's formal report — based on Mr. Elie's account and those of his family and other witnesses — Mr. Elie had been driven into hiding shortly after the September 1991 coup. He returned from hiding this April. On May 7, a group of *machetes*, as army informants are known, burst into his house, blindfolded him, hit his 8-year-old son on the head and beat his 16-year-old cousin. Instead of the 150 blows, Elie received about 750, mostly to his buttocks, leaving them looking like raw meat caked with a crust of dry blood.

"As they beat him, they shouted 'Down with the OAS, down with MPP, down with Aristide,'" the report said. "They made him dance, and when he could not, they beat the bottoms of his feet. They told him he was lucky he was home; otherwise they would have beaten his wife because she is the one who has been having substantial contacts" with the human rights mission.

OAS observers found him the next day, near death by the side of a road, and eventually got him to a hospital. As promises fade, the hope inspired by the words is turning to bitterness, anger and a deep sense of betrayal. The constant question is how Haiti's poor and unruly army of 7,000 soldiers has been able to thumb its nose at the world for 20 months. The OAS observers were never intended to operate in a vacuum; they were to be part of an overall, short-term plan that would bring back democracy and end military abuses.

The international community finally began moving last week to impose a global, UN-imposed embargo against Haiti that would cut off vital oil supplies. Last week Mr. Clinton, after months of threats, froze the bank accounts and banned the entry into the United States of those who carried out the coup, and their supporters. All these steps could have been taken months ago, when the promises were first made. Now the question is whether the measures will be enforced as promised.

Haitian expectations have begun to rise once more. But if those hopes are frustrated again, and the actions fail to return Father Aristide, people already desperate could decide the time has come to take matters into their own hands, and that would be truly dangerous, as Haiti's history of popular uprisings shows.

Mr. Clinton's election was hailed in Haiti as the coming of a savior. People painted their boats red, white and blue, and chanted his name like a mantra. Now Mr. Clinton, as leader of the world's most powerful nation, must learn that his promises are not taken lightly in Haiti or elsewhere.

The Washington Post

LETTERS TO THE EDITOR

A Supporting Role Only

The United States should support Europe in Bosnia, but it cannot and should not lead.

The United States properly led the Western world in defending against the global threat of Soviet nuclear and conventional power; the United States had a vital interest in that containment.

It continues to have a vital interest in the stability of its economic and philosophical partners in Western Europe, but it is those partners, not the United States, who have vital interests in containing conflict in Eastern Europe, or at least in those portions of Eastern Europe without nuclear arms.

Let Western Europe lead, and the United States give its support — strongly. But the United States cannot be the one to interpret West European interests, and then lead. Fortunately, President Bill Clinton seems to be beginning to understand that — not too late.

ROBERT A. LEVINE
Benodes, France

The Trouble in Kashmir

Regarding "Kashmir: Uncover Their Ugly Secret" (Opinion, May 26) by James A. Goldstein and Patricia Gosman:

More than 200,000 Hindus have been driven out of their ancestral homeland in Kashmir by Muslim bandits, who are financed, armed and trained by Pakistan. More than 50 Hindu temples in Kashmir have been destroyed by these bandits, who have also murdered important Indian officials.

If the Indian government really wanted to take reprisals, all it would have to do is to cut off vital supplies of petroleum products, food, grains and so on that come from India; the Muslim population in Kashmir would soon be starving. Or the government could have changed the demographic composition of Kashmir by allowing Hindus from other parts of the country to freely immigrate to Kashmir. This, however, the government has steadfastly avoided.

The government has spent billions of rupees to develop the Kashmir Valley. It

is, therefore, patently unfair to accuse it of misuse and torture. The real sufferers are the Kashmiri Hindu refugees.

P. N. AMERSEY,
Bombay.

Regarding the report "India's Dirty New War: Chilling Tales of Atrocities From Kashmir" (June 8) by Molly Moore and John Ward Anderson:

India would be wise to restrain its seemingly uncontrollable security forces, which seem hell-bent on victimizing civilians, including women and children. Something should be done — perhaps a referendum at an early stage. Surely, the bloodgouging of Kashmiris into submission is undemocratic and unacceptable; it reminds one of another "evil empire," does it not?

ROBERT BELL,
Southampton, England.

To Defend the Country

Regarding "Do They Really Want to Be Part of This?" (Meanwhile, June 8) by Colman McCarthy:

I agree with Colman McCarthy's plea that gays shouldn't be in the military and women shouldn't be in combat — but not for quite the same reason (that they are not good for all that).

Mr. McCarthy accuses America's military of being run by bigots who look down on women and gays. This itself is a bigoted attitude. He rules out the possibility that disagreement about women and gays could be based on defensible, respectable reasons. For those who have lived in a crowded barracks, command troops or had their lives depend on the essential cement of "male bonding," this is a serious matter.

ALFRED M. ROSSUM,
Paris.

I suspect I wasn't the only reader angered by Mr. McCarthy's column. His comments about military people made me think about my life on military installations; how neighbors welcomed our arrival, how my wife can take evening walks without fear. I know of no one who would deny that a military community is invariably safer and more caring than the community outside the gate.

When I realized that Mr. McCarthy was actually railing at American society for having a "self-serving delusion that its war machine produces peace," yet his passionate belief (which appears to be: "There's nothing moral about the military") prevented him from supporting his argument, Mr. McCarthy's criticism of General Colin Powell and Norman Schwarzkopf is particularly gratuitous. To describe their years of increased responsibility as careers "marked by only one talent: advising presidents on the surest way of annihilating people" is asinine.

JEFFREY G. HALE,
Ramstein Air Base, Germany.

Thank you for publishing Colman McCarthy's commentary on women and gays in the military. And thank you, Mr. McCarthy, for so cogently reminding us of our true priorities.

RACHEL CHEVALIER,
Coy-la-Forêt, France.



IN CATALONIA, A COUNTRY OF CULTURE AND ART.

Joan Miró was born 100 years ago in Barcelona, the capital of Catalonia, a country within Spain. With its own culture, language and identity.

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Visit the "Joan Miró, 1893-1993" exhibition at the Joan Miró Foundation: from April 20 to August 30 in Barcelona.



GENERALITAT DE CATALUNYA
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In the Stores of Saint-Tropez

By Patricia McColl



Nadia Jean of Sugar, top left; Fred Prysquel, left, and people costumed for a local festival.

SAIN-T-TROPEZ — When the blondly beautiful model Claudia Schiffer bounced down the gangway of Valentino's yacht, Blue One, anchored here over a recent long weekend, a buzz rippled through the portside crowd of a kind rarely heard since the days when Brigitte Bardot and Saint-Tropez were synonymous.

Schiffer was wearing a ruffled edge sleeveless shirt, black flared trousers and heavy black boots; street smart in Paris perhaps but not in Saint-Tropez, where in spite of the sizzling heat, the uniform, surprisingly, is a chunky cotton knit Irish fisherman's sweater paired with teeter-totter cork soled mules. The only ones toggled out in flares were toddlers.

It's this quirky unexpectedness of Saint-Tropez, a town of just over 6,000 inhabitants halfway between Nice and Marseille, that keeps the crowd coming back summer after summer to roam the port on the alert for a celebrity or a hot fashion trend.

Gone, sadly, are the days when boutiques encircling the port set the trends: those laced-front T-shirts and pants from Philippe Salvet; the Tuareg-blue tie-dyed shirts and caftans from Lothar; from Mic Mac, whose owner was Bardot's brother-in-law, the oversized striped cotton sweaters. Now, with few exceptions, the fashion boutiques concentrate on international names such as Gianni Versace, Dolce & Gabbana, Helmut Lang or Romeo Gigli. As one on-fashion boutique owner commented: "There isn't any room to buy clothes here today when the same items are available in Paris or New York or Milan."

There are, however, exceptions and it is to these shops, which are mainly exclusive to Saint-Tropez, that fans return faithfully.

On everyone's "must" list are Sugar for its cotton knit tops and will shorts; Fred Prysquel's ballerina flats in a choice of 99 colors; Rondini's *sandales tropéziennes*; Galeries Tropicennes for a little bit of everything; Gas for its great costume jewelry and Régis Hurlin, an artisan craftsman in real gold and precious stones.

Nadia Jean's Sugar boutique has been tucked into a tiny sliver of space just behind the fish market on the Rue Victor Laugier since 1980. A second, slightly larger Sugar, a recent addition, is just up the street.

The look at Sugar rarely changes, with the perennial best seller, the scoop-necked short sleeved cotton ribbed top at 250 francs (about \$45) on re-order at the end of May. The cotton twill walking shorts are another summer staple. Price: 485 francs.

"Customers try them on and walk out wearing them," said Jean. "What customers also appreciate are what I call our 'cameo of colors' — everything goes with everything in the collection while the colors — usually sun bleached pastels — are chosen to flatter a tan."

Fred Prysquel's boutiques are on the far side of the port in the Boulevard Louis Blanc. Now a Saint-Tropez resident, Prysquel had been coming to Saint-Tropez on holiday since 1952. He opened his first boutique, Vilebroquin, in 1969, selling it three years ago to move next door to his current location.

At Vilebroquin, the emphasis was on American sportswear, much of it imported from the United States. In 1984, Prysquel became France's first Ralph Lauren retailer.

In that eponymous shop, there's an eclectic mix of the ballerina shoes at 140 francs to 300 francs; chic straw hats and, increasingly, made-in-Mexico artifacts and furniture for the home. "I know that everyone is now doing home collections," Prysquel commented, "but it is what's selling and what's stronger all the time. By next season, we'll have tripled the space given over to furniture and home accessories."

At 16 Rue Georges Clemenceau, the second and third of the Rondini family continue the business (founded by Dominique Rondini in 1927). The business: les sandales tropéziennes. The original model, inspired by a Roman gladiator's sandal, is still the best seller: 66 years after its creation. Price: 430 francs in leather; 450 francs in patent leather.

"We are artisans," said Serge Rondini, shouting slightly to be heard over the pounding of hammers in the workshop, which opens directly off the boutique. His son Alain continues the family tradition.

Just across the street is another favorite, Poterie Provençale, whose owner, André Brun, inherited the shop from his grandmother. Specialties are the classic green or yellow earthenware from Milon, oven-to-tabletop generations before that phrase had even been invented. Another specialty: *sanctos* — clay or wood figures dressed in Provencal costumes.

Nineteen years ago, Rosaline Moreu bought a fabrics shop that had existed on the Rue Gambetta since 1903 and turned it into Galeries Tropicennes. "Because it had been a fabric shop, I continued with the fabrics but added other things," said Moreu. The counters are piled high with bolts of natural linen or old-fashioned checks to be cut up into table clothes or napkins; galvanized watering cans for the garden; shell shaped soaps and candles; clear glass dinner plates; folding metal garden furniture; faded cotton shirts; top quality T-shirts and sweat-shirts, plus rounds of the store's all time best seller, espadrilles.

In Saint-Tropez, you can pick up a pair of basic espadrilles for 45 francs at Droguerie Denans, also on the Rue Gambetta, or splash out on a leather-trimmed pair at 750 francs at Hermès on the Rue de la Ponce.

At Galeries Tropicennes, the price is 70 francs. As compared to Denans' basics, these have a slightly thicker sole and contrast color embroidery edging the shoe. The choice of colors is almost as extensive as Frysquel's choice on his ballerinas.

"Many customers buy seven pairs at a time," said Moreu. "Other good sellers are the cotton piqué bedspreads, the fringe-trimmed flax towels and the table cloths by the meter. Local grandmothers come to us for our *sons de Marseille* while an Italian tourist might ask us to send a set of our gardening tools to Italy."

André Gas started selling his costume jewelry on the beaches of Saint-Tropez 20 years ago. "He'd walk up and down the beach with everything displayed on a tray," said Eve Roux, who runs the boutique. "A few years later, he moved up to a one-square-meter space in a hair salon. He opened this shop, on the Place Saint, 12 years ago."

The jewel box of a shop, its walls spangled the faded bricks and blues of old Saint-Tropez houses, is one of the most tempting in town. For the third season, the emphasis is on "Suzanne Fé" bits of turquoise and coral beads mixed with feathers and metallic bits for long necklaces; clusters of shells to dangle from the ear or tiny seed pearl chokers punctuated with a jade drop. Average retail prices run from 250 francs to 1,500 francs or more with most items in the 600 franc range.

AWAY from the main shopping streets but still in the center of town is Régis Hurlin's boutique and workshop, at 5 Rue de Clocher. "I was trained to be a Place Vendôme jeweler but working in Paris for 10 years, I came here 11 years ago."

Tourists rarely seek out this boutique, where prices can go as high as 40,000 francs for a custom-made necklace, even though a gold chain rings up for as little as 250 francs.

"It's a little crazy but it's like that," Hurlin said. Most of his clients are Saint-Tropez residents or the summer yacht/villa crowd. Currently, he is working on a silver belt buckle he designed for a private customer.

Among more recent arrivals on the boutique scene are Jean-Vier at 29 Rue François Sillii and In the Air at 40 Rue Gambetta. Jean-Vier sells household linens, in the Air, clothes; but the approach is the same, natural fabrics in natural colors.

Patricia McColl is a free-lance writer based in Paris.

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STYLE MAKERS

Gossip Magazines

MICHAEL AND U
New York Times Service
NEW YORK — The name next to the buzzer in the hall says it all: Michael. Just Michael. Someone not Michael buzzes you in and directs you to a fifth-floor walk-up where Michael lives and publishes a hip, downtown magazine called U. It is not about you. Him, maybe. On the masthead of U, Michael is listed as publisher, editor in chief and art director. Michael does most of the Q & A interviews in U, and the celebrity photographs. Michael shows fashion layouts and party pictures, too, except the ones in which Michael appears.

On the fourth-floor you are in the presence of Michael, a wiry figure in a black T-shirt, jeans and Doc Martens. He is bathed in photographic hot lights. A photographer is crouched outside on the fire escape, shooting Michael. Everything in the room is white — walls, floor, canvas chairs. Pictures of Carmen Electra in Dolce & Gabbana are laid out on boards atop swarthes. Janet Jackson is glaring.

Between swigs from a bottle of Rolling Rock beer, Michael talks about plans for the new U. When the magazine appears on the newsstands in about two weeks, he says, it will no longer be an occasional publication. U will be a weekly, with 64 pages and a new standard-size format. "It will be placed on the stands next to Vogue, GQ and Elle," he says.

You ask about U's point of view. "We believe in positive energy," he

replies, folding his arms. "We don't write negative things."

Not one little negative thing? Michael frowns, remembering the time a gossip columnist wrote something negative, something Michael should have edited out. Unfortunately, he allowed himself to be compromised. But that columnist is no longer writing for U, not after what he said.

"Come on, Michael! What did he say?"

"He called Francis Ford Coppola fat!"

The new gossip columnist is Michael. Michael, whose last name is Louis, will be 40 next month. He grew up in a suburb of Detroit, or, as he likes to say, the Motor City. When Michael was a teenager, he got hold of a typewriter and an early Polaroid camera and put out a gossip magazine.

"Everyone wanted to read about the high-school celebrities," he recalls, laughing. "I was on the student council and my best friend was captain of the football team, so I had entry into the coolest people in high school."

Michael is having a revelation. "For the first time," he says, "it hit me that I'm in the same situation now. The celebrities in my magazine at high school were my friends. And the celebrities I'm interviewing and shooting now have become my friends."

This is because U is "an interactive magazine." The interaction begins when the magazine comes out with a semichecklist — usually a promising performer — on the cover. "We catb a lot of them before they happen," Michael says.

Georgia Dullea

BOOKS

A WOMAN AT WAR: Storming Kuwait with the U. S. Marines

By Molly Moore. 336 pages. \$22.50. Scribners.

Reviewed by Michael Wright

THE dust stirred up by Iraq's invasion of Kuwait three years ago this August had barely settled when journalists began scrambling to get to Saudi Arabia. Molly Moore, who had been on the military beat for five years (and was the first woman assigned to the Pentagon by The Washington Post), got there faster than most. She essentially caught a ride with Defense Secretary Richard Cheney to the Arabian Peninsula and jumped ship. Except for a brief R&R, she was there for the duration.

So was Lieutenant General Walter E. Boomer, who commanded the 40,000 Marines who took back Kuwait. Another in the long line of Southerners who've done well in the Corps, Boomer is a much-decorated veteran of the Vietnam War who apparently didn't return from Southeast Asia with a deep-felt contempt for the press. In an essay that appeared in the U. S. Naval Institute's May 1990 Proceedings, Boomer, the service's director of public affairs in the mid-1980s, asserted that with military budgets about to plummet, the Marine Corps had to do a better job of selling itself. "The exploits of Marines at Iwo Jima, Tarawa and Inchon are not engraved on the consciousness of today's young Americans," he wrote. "We should begin a national campaign to tell our story because it is a good one, and we should keep ourselves before the people as a matter of course."

Boomer did his part. Just before the ground offensive kicked off, he invited Moore and five other reporters to watch the action at his command post. All but Moore declined, leaving her with an extraordinary ringside seat. The result is "A Woman at War: Storming Kuwait With the U. S. Marines." It's an absorbing grab bag of a book — and no flag-waving propaganda tract — that draws on recycled material from Moore's notebooks, logs of Boomer's staff meetings and follow-up interviews with high- and low-ranking combatants. Boomer — driven, drawing and suitably profane under pressure — is the star, but Moore has written a powerful supporting role for William F. Delaney, a young tank platoon commander.

As H-hour approached, it wasn't shaping up to be the kind of war the Marine Corps had wanted. Boomer's two lightly armored divisions were to charge toward Kuwait City — no small assignment — but the main event would be the army-led "left hook" across Iraq. Further, the Marine Corps — which hasn't sent troops wading ashore through shot and shell since the Korean war — wouldn't be staging a trademark amphibious landing for fear that Iraqi mines would disable too many ships and landing craft. Instead, nearly 17,000 troops were to be left steaming — in every sense of the word — offshore as a diversion.

They might not have been needed anyway. Not long after the Marines' antique tanks rattled into Kuwait — with Delaney leading the way — Iraqi troops began giving up. There was scattered resistance, but almost at once the Mother of all Battles became a rout. One day into the campaign, Boomer and an escort of bodyguards and radio operators — and Moore — boarded an 11-vehicle caravan and headed north. Blazing oil wells turned the desert sky a hellish black. Much of the state-of-the-art communications gear in Boomer's rolling command post failed. Dodging mine fields and stray Iraqi tanks, Boomer's band wended its way to Kuwait City and a made-for-prime-time victory parade.

All too often, books about war are dense with impenetrable jargon and acronyms. For the most part, Moore tells her story in plain language. Don't look here for geopolitical significance; here is a tale — often horrifically gripping — of men and women simply trying to get through the damned thing. "This war was messy and dirty and imprecise," she writes. "The campaign had come down to grunts clearing trenches with M-16 rifles and tankers staving through nearly useless night-vision sights to find fuzzy blobs on the distant horizon. ... The \$3 trillion high-technology military of the 1990s, built on the Cold War fears of the Ronald Reagan administration, during the 1980s, was reduced to using many of the same tactics and techniques of wars fought decades earlier."

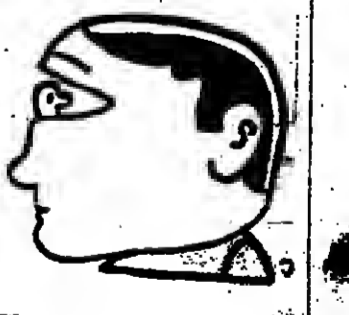
It's not a perfect book. In patches, Moore's writing is as chunky as Delaney's old M-60 tank. More seriously, given the current debate about the use of American air power in the Balkans, I wish she had devoted more space to the Marines' postmortems on the Gulf War.

But these are quibbles. Boomer, now the assistant commander of the Marine Corps and sporting a fourth star, might not be totally happy with Moore's book; he and his troops aren't depicted at all times as models of warriorly perfection. But her book is a much-needed reminder that even a 100-hour war can be hell.

Michael Wright, executive editor of National Journal, wrote this for The Washington Post.

WHAT THEY'RE READING

• David Mura, author of "Turning Japanese: Memoirs of a Sasei," is reading "The LeRoi Jones-Amiri Baraka Reader." "He has worked in very different forms, starting out as a poet, as I did. I grew up with the standards of white European-American culture. As I come to think about my own identity as a Japanese-American, it's been helpful meeting black writers." (Elizabeth Hulick, IHT)

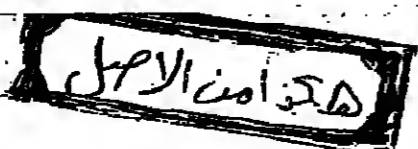


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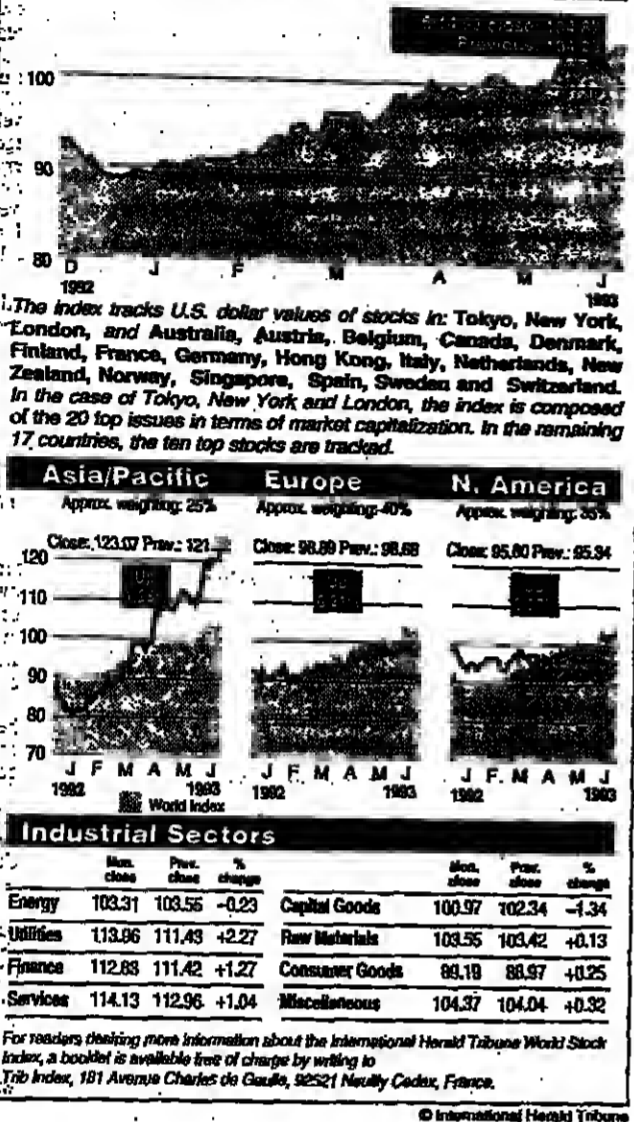
Tropez

BUSINESS

International Herald Tribune, Tuesday, June 15, 1993

THE TRIB INDEX: 104.87

International Herald Tribune World Stock Index, composed of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. Weighting	Index Value	% Change
Asia/Pacific	25%	123.07	+2.1%
Europe	40%	98.09	+0.8%
N. America	35%	95.00	+0.5%

Industry Sector	Index Value	% Change
Energy	103.31	+0.2%
Utilities	113.96	+2.2%
Finance	112.88	+1.2%
Services	114.13	+1.0%
Capital Goods	100.37	+3.4%
Raw Materials	103.56	+0.1%
Consumer Goods	81.19	+0.2%
Miscellaneous	104.37	+0.3%

For readers seeking more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 95221 Neuilly Cedex, France.

Auto Plants: Conflicting Visions

López Says His Ideas May Soon Be Tested

By Richard W. Stevenson
New York Times Service
HANNOVER, Germany — The flamboyant purchasing chief of Volkswagen AG said Monday that the automaker was pressing ahead with detailed negotiations to build a highly efficient car plant in Spain despite the threat of legal action from his former employer, General Motors Corp. The concept of a low-cost plant in Spain, using radical new ideas such as having components suppliers help assemble the vehicle, has been at the heart of the dispute between the executive, José Ignacio López de Arriortua, and GM, which rejected his proposals for a similar project before he left Detroit for Volkswagen in March. At a news conference here and another later in the day in Madrid, Mr. López presented a rambling discourse on industrial revolutions, offered an ambitious vision of the future of automobile manufacturing and gave a report on his progress in implementing his new purchasing program at Volkswagen. But to the question on everyone's mind — would Volkswagen allow him to pursue test theories about slashing the cost of building cars — Mr. López would give only a qualified yes. Mr. López confirmed that Volkswagen, through its Spanish subsidiary, SEAT, was considering a detailed proposal from a group including two Spanish banks, an electric utility and several suppliers of auto parts from the Basque region. The plant, he said, would be less a full-scale manufacturing operation than a laboratory for developing ways to build cars faster, at lower cost and with higher quality. Saying that Volkswagen's chairman, Ferdinand Piëch, shared his view that a "quantum leap" in manufacturing efficiency was essential to the company's survival, he said he was confident that a plant of the type he had in mind would be built.

Others Are Skeptical: Where Are the Gains?

By Doron P. Levin
New York Times Service
DETROIT — Is the dream of a superefficient, auto-assembly plant on the brink of reality or just a fantasy hatched by José Ignacio López de Arriortua? The saga of manufacturing are not quite sure. Mr. López, the head of purchasing and production for Volkswagen AG, discussed the idea of such a plant Monday, but Volkswagen is not ready to disclose whether it will actually build one. When Mr. López worked for General Motors Corp., many GM executives, including John F. Smith Jr., its president and chief executive, were convinced that an assembly plant that required far less labor than conventional plants was not only feasible but also a potentially powerful weapon against Japanese competitors, whose factories are considerably more efficient. Mr. López, who abruptly left General Motors in March, called this concept "Plataeu 6," from the mathematics that he used to describe plateau by plateau, progressively more efficient ways of organizing the complex task of designing and manufacturing motor vehicles. Many manufacturing experts do not grasp how Plataeu 6, which would have suppliers clustered close to and sometimes inside assembly plants, could bring about efficiency. "I kind of glazed over when López tried to explain Plataeu 6 to me," said James Womack, a co-author of "The Machine that Changed the World," a book that explains how Toyota Motor Corp. brought new levels of efficiency to manufacturing. Automakers, especially GM, and automotive suppliers are eager to learn whether Volkswagen can put Mr. López's theories into action. GM has not said whether it believes it owns the Plataeu 6 concept, but Mr. López in any case says he is not using the idea any more. He has come up with something called KVP, the initials of a German term that means "continuous improvement process." Automotive suppliers, meanwhile, are on the brink of a major shakeout as VW and other automakers experiment with innovative techniques to lower the cost of making parts and, therefore, parts prices. Plataeu 6, KVP. Continuous improvement. Kaiser (Japanese for "continuous improvement") — these days, it seems that every automotive company has its own buzzword for reducing waste, time, effort, space and material. Whether Mr. López's ideas are original, or even practical, or not, they come when true innovation is at a premium. What may appear to be a saving in time or effort often turns out to be just a transfer of time or effort to another place in the manufacturing process. When just-in-time inventory was first in vogue, for example, some manufacturers were proud of the money they had saved by shrinking or abolishing parts inventories. Later they discovered that the makers of the parts were simply building up inventories in their own plants and adding that cost to their prices. Under Plataeu 6 theory, said a GM manager who spoke on condition of anonymity, suppliers

Attali Swallows A Bitter Pill in Plan for Bank

By Erik Ipsen
International Herald Tribune
LONDON — In a move that will almost certainly mark a reduction in his own power, Jacques Attali officially outlined at a board meeting Monday the most sweeping reform of the European Bank for Reconstruction and Development in its brief history. Stung by recent criticism of the bank's performance, Mr. Attali, the bank's president, said that he would ask the board to strengthen top management and to reorganize the bank along regional lines, according to bank sources familiar with the proposals. In a bow to accusations that the bank has suffered from a lack of administrative skills at the top, Mr. Attali proposed that the more powerful of two new positions be given to an experienced outsider — the World Bank managing director Ernest Stern. Sources at the bank said Monday that Mr. Stern, a German-born American, had agreed to accept the job if it is created. The bank was set up two years ago by Western governments to aid in economic development and the construction of market systems in Eastern Europe and the former Soviet Union. If the board approves the plan, Mr. Stern would head both the merchant-banking arm, which makes investments in private companies, as well as the bank's government lending arm. Up until now those two arms have been separate. Mario Sarcinelli, who currently heads the European Bank's development-banking arm that lends money to governments, would shift to become the senior vice president in charge of administration. [The bank's board was dead-

locked late Monday over the plan presented by Mr. Attali. Agence France-Presse quoted a reliable source as saying. "There is deadlock among the directors, as much on the timetable as on the direction of the reorganization," the source said, adding that the board had asked for more details. Ronald Freeman, the American who runs the merchant-banking side, has decided to remain at the bank even though he would effectively be demoted. Bank insiders said, however, that Mr. Freeman's decision may owe more to a sense that the die is not yet cast than any eagerness to accept a new supervisor between himself and Mr. Attali. Board approval of Mr. Attali's plan is in any case expected to be held up until after the completion of the report of the outside auditors looking into the bank's spending on its headquarters, on private jet travel and other controversial items. That report is expected on July 15. With some diminution in power now expected for the three top EBRD executives, the only clear winner in the proposed restructuring would be the outsider, Mr. Stern. A number of observers suggest that Mr. Stern in effect could end up running the bank. In his 19 years at the World Bank in Washington, Mr. Stern has held every top job except that of president. In the minds of many, in spite of his ranking as one of the managing directors serving immediately beneath the president, it is Mr. Stern who more than any other individual can be said to run the World Bank. His experience has put him in line for power at the far smaller

Thinking Ahead

A Triumph for Protectionism

By Richard W. Stevenson
New York Times Service
WASHINGTON — Steel protectionism, it will go down in history as a triumph for protectionism. It will be the latest chapter in a long and sorry history of protectionism for the steel industry, starting with the first U.S. steel tariffs in 1870 and continuing over the past 25 years with "voluntary" export restraints ordered from the EC and Japan, import quotas and import price controls. The results have been just what the classic free-trade textbooks would have told you. Protection of domestic producers has forced up prices for American steel users, notably the auto industry, reduced the competitiveness of exports, pushed up labor costs and delayed the industry's modernization. Most noticeably, the coddling of the traditional American steel giants has diminished their ability to compete with streamlined modern mills in the United States, which are the main source of their current problems, not imports. Already, American steel prices have climbed sharply (and imports plummeted) as the case against the steel importers has worked through the system. Gary Hoffman of the Institute for International Economics in Washington calculated that victory for the producers will cost consumers as much as \$1.5 billion a year.

Blatantly phony price comparisons stand behind the new trade barriers.

Of course, with chronic overcapacity in the world steel industry, some companies and governments are guilty of unfair subsidies and predatory pricing; there should be some recourse for aggrieved parties. But current U.S. law is far too rigid and virtually ensures that any complaint will lead to a protectionist outcome. Even more broadly, the Clinton administration has now yielded to pressure from Capitol Hill and reversed the priorities of an in-depth study commissioned by the Bush administration, which wanted to look into the damaging effects of anti-dumping law on American industry. Instead the study will focus on cheap imports and consider preemptive strikes against them. If the world's leading trading nations are too frightened of competition to tackle the problem this time, it must be a high priority for the next round of negotiations, for which preparations are already under way. It would be a perfect way of absorbing some of Mr. Sutherland's excess energy once the Uruguay Round is over.

France Assails Germany Over Telecoms Pact

By Tom Buerkle
International Herald Tribune
BRUSSELS — The European Community's split over trade policy deepened seriously Monday as France criticized Germany for breaking EC unity by arranging a separate cease-fire with Washington over a telecommunications dispute. Germany continued to insist that it acted properly and was merely abiding by a 39-year-old trade treaty with the United States in agreeing to exempt each other from 60-for-60 telecommunications sanctions. But a spokesman for the Economics Ministry in Bonn said that "we are a little bit astonished by the reaction." The EC Commission, meanwhile, sought to maintain a firm stance, sending a letter to Bonn stating that the U.S.-German agreement appeared to violate EC law and demanding a detailed response by Tuesday. But a spokesman for Trade Commissioner Sir Leon Brittan acknowledged that Germany was acting partly within its rights in refusing to apply a restrictive new EC law on purchases of telecommunications equipment toward the United States, a decision that lies at the heart of the matter. The dispute looked increasingly likely to cloud a series of important political and trade meetings in coming weeks despite fervent efforts to contain the damage. Officials and analysts said. A statement from the Foreign Ministry in Paris said France had asked the EC Commission to clarify Germany's position and added, "We cannot imagine that such a breach of Community solidarity could be approved." The harsh statement revealed a rupture in the Community's pivotal Paris-Bonn axis that threatens to damage the political climate one week ahead of the semi-annual summit meeting of the 12 EC heads of government in Copenhagen. The issue also threatens to affect negotiations on a package of tariff reductions that all sides agree must be completed by the Group of Seven summit meeting in Tokyo next month if there is to be a global trade agreement this year.

Sir Leon and Mickey Kantor, the U.S. trade representative, are scheduled to meet in London on Thursday to discuss the tariff package, but the urgency of the telecommunications dispute has forced it onto the agenda. Unless it's a storm in a teacup that's started out quickly by Bonn, it will sour the atmosphere," said Stanley Croscio, head of the Belmont European Policy Center. The storm has only intensified since Mr. Kantor announced last Thursday that Washington would not apply previously announced telecommunications sanctions imposed on the Community against Germany. For its part, Germany has agreed not to apply the counter-sanctions adopted by the Community toward the United States. The U.S. decision followed an appeal by Economics Minister Günter Rexrodt, who told Mr. Kantor that Germany was not applying the restrictive Article 29 of the Community's recent utilities directive against U.S. firms. Mr. Leo's spokesman acknowledged Monday that the biggest restriction under Article 29, a clause that allows purchasers to reject bids that do not contain at least 50 percent EC content, was not obligatory. But he insisted that another provision, that purchasers give a 3 percent price preference to EC bidders, was mandatory. Furthermore, the spokesman said Germany had never declared its intention to cut a separate deal with the United States when EC foreign ministers adopted the counter-sanctions just two days before Mr. Kantor announced the deal. German officials have contended that Bonn made clear to its partners all along that it would give preference to its treaty obligations with Washington and not apply Article 29. They rejected suggestions by commission officials in Brussels that Mr. Rexrodt had acted rashly and that the Foreign Ministry, See DISPUTE, Page 13

BIS Urges 'Symmetry' in Europe's Rate Shifts

By Carl Gewirtz
International Herald Tribune
PARIS — The Bundesbank will not be pleased with the lessons drawn from the European currency crisis by the Bank for International Settlements in its annual report published Monday. The BIS, the so-called central bankers' central bank which is based in Basel, has urged more symmetry — interest-rate increases where currencies are under downward pressure and cuts otherwise — in tending off exchange-market attacks. The BIS analysis of the currency crisis that erupted last September and continued intermittently until early this year was forthright: "Exchange rates had become misaligned." But in resisting attacks against currencies "where the fundamentals are sound and where the determination of the authorities is unequivocal," governments were advised that intervention alone was no longer sufficient. The report noted that large-scale intervention without big changes in interest rates simply provided liquidity to the foreign-exchange market. Central banks are estimated to have spent \$300 billion defending exchange rates during the crisis. "Only by vigorous adjusting interest rates can central banks create a disincentive to private sector operations with potentially easy profits," it said. The interest-rate changes seen during the crisis were essentially one-sided. Governments whose currencies were attacked raised rates — to 500 percent in the case of Sweden. But in Germany, where the domestic policy mix produced an interest-rate structure that was intolerably high, rates were nudged down only gradually. Suggestions that there needs to be more symmetry in using interest rates to defend exchange rates in the European Community's fixed exchange-rate system have been vociferously rejected by top Bundesbank officials. Hans Tietmeyer, who is expected to become president of the German central bank when Helmut Schlegel-Scheller retires at the end of September, said at a conference earlier this month that such proposals "are neither acceptable to the anchor currency country nor in the best interests of the other ERM member states."

Ferruzzi Insurer to Raise Funds

MILAN — Fondiaria SPA, the Italian insurer that is an associate of the troubled Ferruzzi group, on Monday reported a big loss for last year and said it was seeking to raise 1,058 trillion lire (\$715 million) through a share issue. The share offer will be guaranteed by the consortium of creditor banks that the holding company Ferruzzi Finanziaria SPA has chosen to rescue it from a consolidated net debt in excess of 15 trillion lire. These include Mediobanca SPA, Banca Commerciale Italiana, Banca di Roma, Credito Italiano and Istituto Bancario San Paolo di Torino. Fondiaria said the company would offer existing shareholders two new shares with a face value of 1,000 lire for every one share in circulation at a price of 6,500 lire each. That compares with Fondiaria's closing price last Friday of 10,000 lire a share. Fondiaria is 51 percent controlled by GAIC SPA, a holding company jointly owned by Ferruzzi Finanziaria and the heirs of the entrepreneur Camillo De Benedetti. Fondiaria did not say whether GAIC would subscribe to the offer. Fondiaria, which on Monday reported a 1992 consolidated loss of 576 billion lire after a 1991 profit of 91 billion, said its consolidated financial debt amounted to some 2,368 trillion lire at the end of last year. This has fallen in the first few months of 1993 following the sale of stakes in several

CURRENCY & INTEREST RATES

Eurocurrency Deposits June 14									
	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU		
3 months	3 1/2-4 1/4	7 1/2-7 3/4	5 1/2-5 3/4	5 1/2-5 3/4	7 1/2-7 3/4	3 1/2-3 3/4	7 1/2-7 3/4		
6 months	3 1/2-4 1/4	7 1/2-7 3/4	5 1/2-5 3/4	5 1/2-5 3/4	7 1/2-7 3/4	3 1/2-3 3/4	7 1/2-7 3/4		
1 year	3 1/2-4 1/4	7 1/2-7 3/4	5 1/2-5 3/4	5 1/2-5 3/4	7 1/2-7 3/4	3 1/2-3 3/4	7 1/2-7 3/4		

Key Money Rates June 14			
	U.S. Govt	U.S. Fed	U.S. Eur
1-month	7.25	7.25	7.25
3-month	7.25	7.25	7.25
6-month	7.25	7.25	7.25
1-year	7.25	7.25	7.25

CONSOLIDATED ANNUAL REPORT

Statement of Income (for the period April 1, 1992 to March 31, 1993) in Millions of Yen

	1992	1991
Net sales	4,627,499	4,722,427
Cost of sales	3,300,863	3,300,863
Income before taxes and minority interests	85,986	85,986
Income taxes	63,045	63,045
Net income	20,551	20,551
Net income per share	640 (in Yen)	640 (in Yen)

Balance Sheet (March 31, 1993) in Millions of Yen

Assets		Liabilities and Shareholders' Equity	
Cash and cash equivalents	701,445	Bank loans and current portion of long-term debt	1,054,098
Notes and accounts receivable	1,148,055	Notes and accounts payable, trade	803,889
Inventories	1,170,166	Other current liabilities	1,306,003
Other current assets	404,211	Long-term liabilities	137,275
Property, plant and equipment	1,326,851	Minority interest	1,307,003
Other assets	879,148	Shareholders' equity	1,148,813
Total assets	5,629,875	Total liabilities and shareholders' equity	5,629,875

In Touch with Tomorrow
TOSHIBA

MARKET DIARY

Optimism on Kodak Boosts Blue Chips

Compiled by Our Staff From Dispatches NEW YORK — Blue-chip stocks rose modestly Monday as a quiet session preceded Tuesday's important government report on the May consumer price index, regarded as a crucial inflation reading.

Professional traders concentrated on a few prominent issues and generally refrained from guessing

which way the market will pivot when new inflation data become available on Tuesday morning.

Eastman Kodak Co. accounted for more than half the 9.68-point gain that carried the Dow Jones industrial average to 3,514.69, its second straight rise.

Declining and advancing stocks were about even on the New York Stock Exchange. Trading was moderate, with about 210 million shares changing hands on the Big Board.

The Dow spent most of the day in a narrow trading range ahead of Tuesday's CPI report. Economists expect to see a 0.2 percent rise in overall consumer prices, which would mark participants would consider acceptable.

Last Friday's announcement of subdued producer-price inflation served to reassure both the stock and bond markets, which feared that an inflationary jump could spur

the Federal Reserve to tighten money supply, potentially choking off liquidity in the stock market. Bullish traders hope Tuesday's statistics will accomplish the same goal.

"The market thinks the inflation bogeyman has been quieted down," said Robert Stovall, president of Stovall/Twenty-First Advisors.

"The general bias is to buy," said Mr. Stovall, who thinks investors have plenty of cash to draw on.

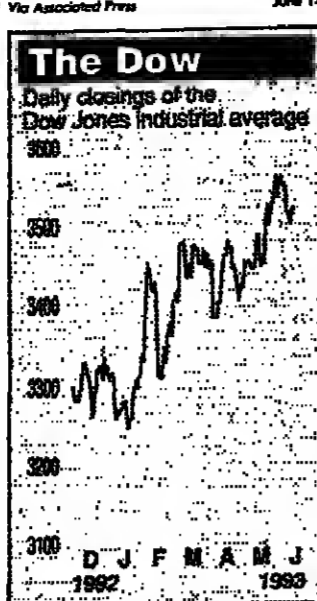
The Dow industrials got a big boost from Kodak, up 2 3/4 to 53 3/4 as a Deann Witter Reynolds analyst, Eugene Glazer, raised his rating to "buy" from "hold."

Investors speculated Kodak will announce a major corporate restructuring Tuesday, traders said. Chairman Kay Whitmore is to address a special analysis meeting in New York.

Drug stocks also helped lead today's upward move as investors anticipated further delays in the administration's promised health-care reforms. Merck rose 1/4 to 39. Pfizer was ahead 1 1/2 to 72 3/4, and Eli Lilly gained 3/4 to 50 3/4.

Johnson Products Co. soared 5 1/2 to 24 1/2. Ivax Corp. said it entered into an agreement to acquire the maker of products for African-American hair care in a transaction valued at as much as \$73 million. Ivax was unchanged at 24 1/4.

(Knight-Ridder, Bloomberg)



Dow Jones Averages

Table with columns: Index, High, Low, Last, Change. Includes Industrial, Transport, Utilities, S&P 500, and Composite.

Standard & Poor's Indexes

Table with columns: Index, High, Low, Last, Change. Includes Industrials, Transport, Utilities, and Finance.

NYSE Indexes

Table with columns: Index, High, Low, Last, Change. Includes Composite, Industrials, Transport, and Finance.

NASDAQ Indexes

Table with columns: Index, High, Low, Last, Change. Includes Composite, Industrials, Finance, and Technology.

Dow Jones Bond Averages

Table with columns: Index, High, Low, Last, Change. Includes 30 Bonds, 10 Industrials, and 10 Utilities.

Market Sales

Table with columns: Index, High, Low, Last, Change. Includes NYSE, NASDAQ, and N.Y.S.E. Odd-Lot Trading.

N.Y.S.E. Odd-Lot Trading

Table with columns: Index, High, Low, Last, Change. Includes 30 Bonds, 10 Industrials, and 10 Utilities.

S&P 100 Index Options

Table with columns: Index, High, Low, Last, Change. Includes various call and put options for the S&P 100 index.

EUROPEAN FUTURES

Table with columns: Index, High, Low, Last, Change. Includes COCOA (CINCE), GRAPE (CINCE), and WHEAT (CINCE).

Metals

Table with columns: Index, High, Low, Last, Change. Includes ALUMINUM (High Grade) and COPPER (COMMERCE).

Stock Indexes

Table with columns: Index, High, Low, Last, Change. Includes FTSE 100 (LFFIE) and DAX (LFFIE).

Spot Commodities

Table with columns: Index, High, Low, Last, Change. Includes Commodity, Precious Metals, and Industrial Metals.

Dividends

Table with columns: Company, Dividend, Yield. Lists various companies and their dividend payments.

Investment Information

read THE MONEY REPORT every Saturday in the BHT

Dollar Hits New Low, Dipping Near 105 Yen

NEW YORK — The dollar fell Monday to a postwar low against the yen amid concern about hefty dollar sales by Japanese exporters.

The dollar gained against the Deutsche mark, meantime, as traders

surplus with the United States is likely to keep growing, creating more demand for yen, they said.

Moreover, with trade relations souring, the U.S. administration may be more likely to call for strengthening the yen.

"People in the market still think the administration wants a weaker dollar," said Carl Amendola, vice president at Bayerische Hypothek- und Wechselbank in New York.

The dollar rose a little to 5,470 French francs from 5,475 and was unchanged at 1,454.50 Swiss francs. The pound rose to \$1,526.69 from \$1,523.20 late Friday.

The dollar slid in Tokyo trading, prompting the Bank of Japan to sell yen, traders said. The U.S. currency declined further in New York, reaching a post-World War II low of 104.85 yen before finishing at 105.10. That compares with 106.20 late Friday in New York.

"Every time the dollar moves up, Japanese exporters sell it," said Amy Smith, market strategist at IDEA, a financial consulting firm. Japanese exporters earn revenue in dollars that they must sell in order to translate profits into yen.

The opening of what promises to be a contentious series of trade talks between the United States and Japan last Friday also hurt the dollar Monday, traders said. Without an agreement on trade, Japan's

Amex Diary

Table with columns: Index, High, Low, Last, Change. Includes NYSE, NASDAQ, and N.Y.S.E. Odd-Lot Trading.

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FERRUZZI: Insurance Unit to Raise \$715 Million

Continued from Page 11

Shares Plummet

Shares in Ferruzzi Finanziaria and Montedison SpA, the main companies of Italy's second-largest industrial group, plummeted again Monday on the Milan Stock Exchange.

The troubles at Ferruzzi, whose holdings range from chemicals and energy to food and insurance, began to overtake it late last month when it announced a net 1992 indebtedness for Ferruzzi Finanziaria of \$10.2 billion.

Shares fell below their nominal value of 1,000 lire (167 cents) last week as investors contemplated the possibility of a debt-for-equity swap with the five creditor banks.

By the close of trading Monday, said Paul Dionne, an analyst with Pasfin Securities in Milan, Ferruzzi was down 10 percent to 659 lire, while no price could be fixed for Montedison because there were no buyers. The stock had been offered at 880 lire, 10 percent down on its Friday close.

The conglomerate is headed by three members of the Ferruzzi family, who share full control of the family holding company, called Serafino Ferruzzi.

WORLD STOCK MARKETS

Table with columns: Market, Index, High, Low, Last, Change. Includes Amsterdam, Helsinki, Brussels, Frankfurt, London, Milan, Paris, Tokyo, and Zurich.

Table with columns: Market, Index, High, Low, Last, Change. Includes Tokyo, Zurich, and other international markets.

U.S. FUTURES

Table with columns: Index, High, Low, Last, Change. Includes COCOA (CINCE), GRAPE (CINCE), and WHEAT (CINCE).

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U.S. Inventories Rise for 7th Month

WASHINGTON (AFP) — U.S. business inventories rose 0.1 percent in April for the seventh straight month, while sales were 0.2 percent lower.

The Commerce Department announced Monday. The rise in inventories, which accompanied a second consecutive monthly drop in sales, could prompt businesses to cut back on production until demand is back up.

Inventories totaled a seasonally adjusted \$860.4 billion, up from \$859.5 billion in March, according to the report. The April increase was the smallest since a 0.1 percent rise in October. Sales for the month totaled \$82.6 billion, down from \$84 billion the month before.

Apple Cuts PC Prices Up to 12.6%

CAMPBELL, California (Bloomberg) — Apple Computer Inc., backing under competitive pressures, said Monday it had cut prices for its Macintosh personal computers by as much as 12.6 percent.

Apple also slashed prices of printers and other peripherals as much as 26 percent and offered rebates of up to \$350. The cuts had been expected after Apple said last week that second-half earnings would fall below the level of a year ago. In the face of price wars in the computer industry, Apple said it would focus on increasing its unit volume.

Hewlett-Packard Co. said Monday it was again cutting the price on members of its HP-700/RX station family by up to 35 percent, or \$1,000, Knight-Ridder reported.

The X station has a monitor, keyboard, and memory capacity, but lacks its own microprocessor, and is therefore less expensive than a regular workstation.

Oil Firms Lock Hands in Azerbaijan

CHICAGO (Bloomberg) — Amoco Corp., British Petroleum Co. and Pennzoil Co. said Monday they had agreed with Azerbaijan to jointly develop an estimated 4.4 billion barrels of oil in the Caspian Sea.

The companies and their partners had been seeking individual agreements to develop three separate offshore fields but the government insisted on a single development program, because all three fields are believed to be part of the same underground source. Working together, the companies can begin production more quickly as well as reduce capital and operating costs, said Robert Blanton, chairman of Amoco Caspian Sea Petroleum Co.

Frank Kmetzel, an oil industry analyst at Prudential Securities, estimated that development of the reserves could cost \$20 billion and that production could begin by 1996.

For the Record

Chase Manhattan Corp. said it had raised \$746.4 million in a new common stock offering, an amount exceeding initial estimates. Chase said strong demand for the new stock led its underwriters to issue an additional 3.3 million shares, bringing the total to 25.3 million new common shares issued to investors.

MCI Communications Corp. said it had received a \$1 billion, five-year contract to provide telecommunications services to Insurance Value Added Network Services, the insurance industry's electronic communications network, in MCI's largest contract to date.

Weekend Box Office

LOS ANGELES — Steven Spielberg's "Jurassic Park" broke box office records for its opening weekend, taking in an estimated \$30 million in ticket sales. Following are the Top 10 moneymakers, based on early ticket sales and estimated sales for Sunday.

Table with columns: Rank, Title, Gross, Change. Lists top box office performers like Jurassic Park, The Sandlot, and The Sandlot.

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Shuffling Toward Privatization Belgium Picks Lackluster Assets to Start Sell-Off

BRUSSELS — Belgium's shaky coalition government is at last united on one point: The time has come to sell state assets. The government, comprising four parties representing Flemish- and French-speaking peoples, seldom agrees on any point. But the crisis of state finances has helped focus minds. The burgeoning public debt and government deficit prompted the coalition to adopt a package of tough spending cuts and tax increases in March. Still, to reduce the deficit to its target of 3 percent of gross domestic product by the end of 1996 from 6.9 percent in 1992, more money had to be found. According to EC-wide rules, any country wishing to adopt the planned single currency must reduce its budget deficit to 3 percent of GDP by the end of 1996.

Rates in France Are Reduced Below Levels in Germany

PARIS — France cut its key interest rates for the eighth time in two months on Monday as the perception grew that only a dramatic easing of monetary policy would provide a way out of the ever-deepening recession. The rate cut came as the government said the recession this year would probably be worse than it forecast only two months ago. "That is really, what we have got to keep on cutting interest rates," Budget Minister Nicolas Sarkozy said in an interview in the daily La Tribune Desoises. "There are no other fiscal measures than those we have already used."

Investor's Europe

Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	CBS Trend	108.40	107.10	+1.21
Brussels	Stock Index	6,182.47	6,161.28	+0.51
Frankfurt	DAX	1,891.98	1,880.98	+0.65
Frankfurt	FAZ	699.90	695.83	+0.62
Helsinki	HEX	1,110.16	1,116.15	-0.54
London	Financial Times 30	2,268.10	2,244.00	+0.88
London	FTSE 100	2,865.50	2,861.80	+0.83
Madrid	General Index	258.10	257.20	+0.35
Milan	MB	1,182.00	1,179.00	-1.44
Paris	CAC 40	1,916.84	1,920.43	-0.19
Stockholm	Affarsveeriden	1,270.58	1,276.98	-0.52
Vienna	Stock Index	375.13	373.30	+0.49
Zurich	SBS	785.80	788.90	-0.14

U.S. Set to Buy Matra Satellite Ground Station

PARIS — The U.S. Air Force will buy a satellite-photo-analysis ground station from the diversified French defense group Matra-Hachette, Matra officials announced Monday. The station, whose price was not disclosed, is mobile and allows the analysis of ground photographs taken by Europe's Spot satellite network. Although Spot's tasks are mostly civilian, the Allied forces used its images during the Gulf War. Matra officials, in a news conference at the Paris air show, also said that they expected two unspecified clients to purchase their Mistral anti-aircraft missiles by the end of the year. They said the clients are in the Middle East and in Southeast Asia.

KLM, Unions Set '94 Wage Freeze

AMSTELVEEN, Netherlands — KLM Royal Dutch Airlines and union leaders have agreed to freeze wages in 1994 and to stick to a 2.5 percent wage increase agreed for July 1 this year, the airline said Monday. KLM and the six unions also agreed that the airline would not pay premiums on employees' pension funds for the year that began April 1. KLM said that would save it around 300 million guilders (\$164.7 million). Separately, KLM President Piet Boruw said the airline's proposed partnership with Swissair, Scandinavian Airlines System and Austrian Airlines would lead to job cuts at KLM. But he said a rumor of 15,000 job cuts that was circulating in some quarters was "really absurd."

Very briefly:

- The EC Commission cleared a 550 million DM package of capital and grants from the Tiesland for the privatization of Stelcoff-Werke AG, a fertilizer maker whose assets are being sold to SKW-Trostberg AG.
- The Swiss government said it favored the rapid introduction of a value-added tax of at least 6.5 percent to replace the 6.2 percent turnover tax.
- Volkswagen AG's market lead in European market share slipped during the first five months of the year, to 16.5 percent, while General Motors gained to 12.2 percent and Japanese carmakers to 12.5 percent, the European Automobile Manufacturers Association said.
- British Telecommunications PLC shares will cost domestic investors 100 pence a share initially, and 140 pence in a second installment when the government sells its remaining 22 percent stake, trading begins July 19.
- Co op AG's former chief executive, Bernd Udo, was sentenced to 54 months in jail on Monday for misusing the retail chain's company funds in a plea-bargain agreement, he admitted condoning the illegal transfer of 21.1 million Deutsche marks (\$13 million) abroad or to foundations owned by other former co op managers.

DISPUTE: Bonn-U.S. Telecom Deal Widens EC Rift

Continued from Page 11 responsible for Bonn's EC relations, had been caught off guard. "There is no dissent between different ministries, that is sure," a spokesman for the Foreign Ministry said. "But in a possible sign that Germany may be wavering under the criticism, officials in Washington said they had not yet received a letter from Bonn verifying the details of the deal."

Saudis Warn Iran, Nigeria

NICOSIA — Saudi Arabia's oil minister, Hisham Nazer, was reported on Monday to have threatened Iran and Nigeria with unspecified action if they cheat on their OPEC quotas. The Middle East Economic Survey said Mr. Nazer delivered the warnings in bilateral meetings during the OPEC conference that ended in Geneva on Thursday.

PLANTS: Top's Grand Design Raises Questions

Continued from Page 11 those in next to plants and assembly lines and thus do not have to pack parts into boxes and pay for shipping to the assembly plant. The assembler does not have to unpack boxes, throw away cartons or spend effort moving parts to the assembly line.

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Internationale Nederlanden Group

First three months 1993

The results of Internationale Nederlanden Group for the first three months of 1993 showed a small increase. Compared with the first three months of 1992 net profit rose by 2.3% from NLG 386 million to NLG 395 million. Profit per share remained unchanged. Total assets increased by 4.9% to NLG 339.5 billion.

Amounts in Dutch guilders	Three months 1993	Three months 1992	% Change
100 million			
Result before taxation	570	516	+2.3
Net profit	208	206	-2.7
(in guilders)			
Net profit per share	1.00	1.00	
	March 31, 1993	December 31, 1992	
100 million			
Total assets	339.5	323.8	+4.9
Investments	128.7	128.7	-2.0
Bank lending	145.4	139.3	+4.4
Group capital base	17.4	16.7	+7.0

ING GROUP

The report for the first three months can be obtained at the following address: Internationale Nederlanden Group, P.O. Box 1016, 1000 AA Amsterdam, Holland. Tel: (31) 20 541 54 00. Fax: (31) 20 541 54 51.

INTERNATIONAL RECRUITMENT

You will find below a listing of job positions published last Thursday in the International Herald Tribune under the International Recruitment Feature

POSITION/LOCATION	COMPANY
ACCOUNTING MANAGER/ France-International	ORNICAR Int'l
LIBRARIAN/DOCUMENTALIST/ Netherlands	Int'l Organisation
MANAGING DIRECTOR & BUSINESS DEVELOPMENT MANAGER/ Johannesburg	A Major Development Consulting Firm
EDITOR/La Défense-France	Pharmaceutical Company
HEAD, PRESS SERVICE/Geneva	The Int'l Federation of Red Cross and Red Crescent Societies

If you want to receive a copy of the paper, please contact: The Classified Dept. in Paris: Tel: (1) 46 37 94 74 - Fax: 46 37 93 70

INTERNATIONAL CLASSIFIED

(Continued From Page 17)

ESCORTS & GUIDES	ESCORTS & GUIDES	ESCORTS & GUIDES
BELLE EPOCH LONDON PARIS 071 937 8822 Credit Cards Welcome	ZURICH CORONA ESCORT SERVICE 071 222 61 74	GENEVA INT'L GENEVA ESCORT SERVICE 071 222 61 74
MERCEDES LONDON ESCORT AGENCY 071 222 61 74	ZURICH CORONA ESCORT SERVICE 071 222 61 74	GENEVA PARIS ZURICH CORONA ESCORT SERVICE 071 222 61 74
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For investment information read THE MONEY REPORT every Saturday in the IHT.

NYSE

Monday's Closing
Table includes the nationwide price up to the closing on Wall Street and do not include elsewhere. Via The Associated Press

(Continued)

Table of NYSE stock prices including columns for stock name, price, and change.

Table of NYSE stock prices (continued) with columns for stock name, price, and change.

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INTERNATIONAL FUNDS

June 14, 1993

Advertisement

Table of International Funds with columns for fund name, price, and change.

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For information on how to list your fund, fax Simon OSBORN at (33-1) 46 37 21 33.

ATTALI: European Bank Chief Presents Plan That Will Cut His Power

Continued from Page 11

European Bank once before. Three years ago, when the bank was being set up, the United States and other of its shareholder governments tried to get Mr. Stern to take the No. 2 job there as a check on the man they saw as conceptually brilliant but managerially inexperienced, Mr. Attali.

That effort, according to some officials at the World Bank, ran afoul of Mr. Attali's conviction that he himself was the best man to both lead and run the new European Bank. With little power in prospect, Mr. Stern turned the job down.

Now, after controversy over the slow pace of the bank's lending and over a conspicuous lack of control on the spending side, a weakened Mr. Attali is said reluctantly to have turned to Mr. Stern.

For the 60-year-old Mr. Stern, the European Bank would be only his third employer. In 1959, armed with a masters degree in econom-

ics from Tufts University's Fletcher School of Law and Diplomacy, Mr. Stern went to work in Ankara as an economist with the U.S. Agency for International Development. Twelve years later, when Robert McNamara, then World Bank president, brought him over to that organization, Mr. Stern ranked as USAID's assistant administrator.

In 1978, Mr. Stern was named to head what was then known as the World Bank's operations complex, the vast lending side of the bank. It was in that position that he first drew fire from conservative groups in Washington that labeled him as the too-liberal, de facto head of the bank. Specifically, they faulted him for being too soft on the bank's developing country borrowers.

Like Mr. Attali, Mr. Stern has a reputation for prickliness, and for an impatience with those he regards as his intellectual inferiors. Like Mr. Attali he has also periodically enraged some of the World Bank's shareholder govern-

ments by pushing the organization into areas where many of its owners would rather it not tread.

Mr. Stern was closely associated a decade ago with a big shift in World Bank resources away from traditional lending for specific projects like roads and dams towards far more amorphous general-purpose lending vehicles called policy loans. It was a concept that he pushed in spite of objections from the United States and other powerful donor governments. Ultimately, those loans went on to become a mainstay of bank lending during the debt crisis years.

This winter, Mr. Stern again went against the grain by pushing for the World Bank to allow private groups to lay first claim on the cash flow of joint projects they enter into with government-owned companies in places like Russia. He said that change was critical to attracting foreign private capital in places like Eastern Europe.

NASDAQ

Monday's Prices
NASDAQ prices as of 4 p.m. New York time. The list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
12.50	11.50	AA	0.00	0.00	10.00	12.50	11.50	AA	0.00	0.00	10.00
11.00	10.00	ABC	0.00	0.00	10.00	11.00	10.00	ABC	0.00	0.00	10.00
10.50	9.50	DEF	0.00	0.00	10.00	10.50	9.50	DEF	0.00	0.00	10.00
9.50	8.50	GHI	0.00	0.00	10.00	9.50	8.50	GHI	0.00	0.00	10.00
8.50	7.50	JKL	0.00	0.00	10.00	8.50	7.50	JKL	0.00	0.00	10.00
7.50	6.50	MNO	0.00	0.00	10.00	7.50	6.50	MNO	0.00	0.00	10.00
6.50	5.50	PQR	0.00	0.00	10.00	6.50	5.50	PQR	0.00	0.00	10.00
5.50	4.50	STU	0.00	0.00	10.00	5.50	4.50	STU	0.00	0.00	10.00
4.50	3.50	VWX	0.00	0.00	10.00	4.50	3.50	VWX	0.00	0.00	10.00
3.50	2.50	YZA	0.00	0.00	10.00	3.50	2.50	YZA	0.00	0.00	10.00

AMEX

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
12.50	11.50	AA	0.00	0.00	10.00	12.50	11.50	AA	0.00	0.00	10.00
11.00	10.00	ABC	0.00	0.00	10.00	11.00	10.00	ABC	0.00	0.00	10.00
10.50	9.50	DEF	0.00	0.00	10.00	10.50	9.50	DEF	0.00	0.00	10.00
9.50	8.50	GHI	0.00	0.00	10.00	9.50	8.50	GHI	0.00	0.00	10.00
8.50	7.50	JKL	0.00	0.00	10.00	8.50	7.50	JKL	0.00	0.00	10.00
7.50	6.50	MNO	0.00	0.00	10.00	7.50	6.50	MNO	0.00	0.00	10.00
6.50	5.50	PQR	0.00	0.00	10.00	6.50	5.50	PQR	0.00	0.00	10.00
5.50	4.50	STU	0.00	0.00	10.00	5.50	4.50	STU	0.00	0.00	10.00
4.50	3.50	VWX	0.00	0.00	10.00	4.50	3.50	VWX	0.00	0.00	10.00
3.50	2.50	YZA	0.00	0.00	10.00	3.50	2.50	YZA	0.00	0.00	10.00

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
12.50	11.50	AA	0.00	0.00	10.00	12.50	11.50	AA	0.00	0.00	10.00
11.00	10.00	ABC	0.00	0.00	10.00	11.00	10.00	ABC	0.00	0.00	10.00
10.50	9.50	DEF	0.00	0.00	10.00	10.50	9.50	DEF	0.00	0.00	10.00
9.50	8.50	GHI	0.00	0.00	10.00	9.50	8.50	GHI	0.00	0.00	10.00
8.50	7.50	JKL	0.00	0.00	10.00	8.50	7.50	JKL	0.00	0.00	10.00
7.50	6.50	MNO	0.00	0.00	10.00	7.50	6.50	MNO	0.00	0.00	10.00
6.50	5.50	PQR	0.00	0.00	10.00	6.50	5.50	PQR	0.00	0.00	10.00
5.50	4.50	STU	0.00	0.00	10.00	5.50	4.50	STU	0.00	0.00	10.00
4.50	3.50	VWX	0.00	0.00	10.00	4.50	3.50	VWX	0.00	0.00	10.00
3.50	2.50	YZA	0.00	0.00	10.00	3.50	2.50	YZA	0.00	0.00	10.00

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
12.50	11.50	AA	0.00	0.00	10.00	12.50	11.50	AA	0.00	0.00	10.00
11.00	10.00	ABC	0.00	0.00	10.00	11.00	10.00	ABC	0.00	0.00	10.00
10.50	9.50	DEF	0.00	0.00	10.00	10.50	9.50	DEF	0.00	0.00	10.00
9.50	8.50	GHI	0.00	0.00	10.00	9.50	8.50	GHI	0.00	0.00	10.00
8.50	7.50	JKL	0.00	0.00	10.00	8.50	7.50	JKL	0.00	0.00	10.00
7.50	6.50	MNO	0.00	0.00	10.00	7.50	6.50	MNO	0.00	0.00	10.00
6.50	5.50	PQR	0.00	0.00	10.00	6.50	5.50	PQR	0.00	0.00	10.00
5.50	4.50	STU	0.00	0.00	10.00	5.50	4.50	STU	0.00	0.00	10.00
4.50	3.50	VWX	0.00	0.00	10.00	4.50	3.50	VWX	0.00	0.00	10.00
3.50	2.50	YZA	0.00	0.00	10.00	3.50	2.50	YZA	0.00	0.00	10.00

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
12.50	11.50	AA	0.00	0.00	10.00	12.50	11.50	AA	0.00	0.00	10.00
11.00	10.00	ABC	0.00	0.00	10.00	11.00	10.00	ABC	0.00	0.00	10.00
10.50	9.50	DEF	0.00	0.00	10.00	10.50	9.50	DEF	0.00	0.00	10.00
9.50	8.50	GHI	0.00	0.00	10.00	9.50	8.50	GHI	0.00	0.00	10.00
8.50	7.50	JKL	0.00	0.00	10.00	8.50	7.50	JKL	0.00	0.00	10.00
7.50	6.50	MNO	0.00	0.00	10.00	7.50	6.50	MNO	0.00	0.00	10.00
6.50	5.50	PQR	0.00	0.00	10.00	6.50	5.50	PQR	0.00	0.00	10.00
5.50	4.50	STU	0.00	0.00	10.00	5.50	4.50	STU	0.00	0.00	10.00
4.50	3.50	VWX	0.00	0.00	10.00	4.50	3.50	VWX	0.00	0.00	10.00
3.50	2.50	YZA	0.00	0.00	10.00	3.50	2.50	YZA	0.00	0.00	10.00

Japan to Market

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Japan to Tighten Drug Regulation
Market Shrinkage Likely to Hit Pharmaceutical Stocks

By Andrew Pollack
New York Times Staff Writer
TOKYO — U.S. pharmaceutical companies are bracing for bleaker times because of efforts by the administration of President Bill Clinton to control health-care costs. But in Japan, pharmaceutical companies have been fighting with government price controls and regular price cuts for years.

Daiei to Combine With 3 Affiliates In Food Business

Compiled by the Staff From Dispatches
TOKYO — Daiei Inc., Japan's largest supermarket chain, said Monday it would take over three affiliated chains on March 1, 1994, giving it an even larger slice of the market.

Investor's Asia
Table with columns: Exchange, Index, Monday Close, Prev. Close, % Change. Rows include Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, Sydney All Ordinaries, Kuala Lumpur Composite, Bangkok SET, Seoul Composite Stock, Taipei Weighted Price, Manila Composite, Jakarta Stock Index, New Zealand NZSE-40, Bombay National Index.

Samsung Weighs Car Manufacturing

SEOUL — Samsung Co., the South Korean conglomerate, said Monday it might enter the highly competitive car-manufacturing field. "We are reviewing a plan to produce passenger cars," a Samsung spokesman said.

Minolta, Nikon Post Big Losses

Bloomberg Business News
TOKYO — Two major Japanese camera manufacturers reported Monday pre-tax losses for the year ended March 31, saying the strong yen and sluggish demand hit their results.

Very briefly:

- Sanjō Electric Co. said it had signed an agreement with SGS-Thomson Microelectronics on joint development of chips for multimedia and telecommunications equipment.
• The Japan Jewelry Association said it planned to open the country's first diamond exchange in Tokyo next year, possibly as early as January.

Seoul Buries Bear Market as Stocks Reach 31-Month High

SEOUL — With Seoul stocks now trading at 31-month highs on record volumes, South Korean investors have confidently declared the four-year bear market dead and buried. "This is of mere academic interest to many foreign investors, who can only watch from the sidelines, curbed by a 10 percent ceiling on foreign holdings of South Korean stocks."

Japan Out of Korea Train Race

The Associated Press
SEOUL — South Korea has dropped a Japanese consortium from multibillion-dollar bidding to build its first high-speed rail line, officials said Monday. The bidding over has become a two-way contest between GEC Alsthom, a French-British industrial venture that makes the train's main drive, and the consortium's unwillingness to transfer technology.

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French Economy

Looking Beyond the 'Moroseness'

Basic Numbers Show Moderate Expansion on Horizon

By Jacques Neher

PARIS — The bad news is that France is experiencing its worst recession since World War II. The good news, say economists, is that a sustained period of moderate expansion is on the horizon.

Indeed, although "moroseness" appears to be the word dominating France's current mood, with layoffs mounting and corporate profits in decline, the experts see reasons to be optimistic in their outlook for the next few years.

Continued low inflation and control of labor costs should give French products a renewed competitive boost on export markets when world economic recovery kicks in.

An aggressive privatization program, to begin this fall, will help relieve short-term pressure on public finances and eventually allow the government to pay down long-term debt. It will also serve to increase the competitiveness of the French economy by replacing the intervention of the state with the profit demands of private shareholders.

Lower interest rates and gains in purchasing power will give a lift to consumer spending while industry revenues three years of declining investments and boosts spending in new plants and equipment.

The French franc has endured last fall's currency crisis and this spring's election, and the way appears clear for further easing of interest rates.

"There's lots of reasons not to be too worried," said Kevin Darlington, economist with UBS/Phillips & Drew in London.

countries, are expected to lose market share in the global market this year and next, but recover by 1995 as result of lower increases in unit labor costs, particularly relative to Germany, France's largest trading partner. In the first two months, France's trade surplus more than doubled to 8 billion francs (\$1.48 billion), the result of Airbus jetliner sales and a lower energy deficit, but economists expect the figures for the full year to slide back into deficit.

Mr. Horne is encouraged by the



Edmond Alphandéry



Edouard Balladur

recent 50 billion-franc package of stimulus and tax measures put forward by Prime Minister Edouard Balladur to deal with the current economic crisis, which has pushed the jobless rate to 10.9 percent, with 3.1 million people officially out of work. That rate, he said, could likely rise to 11.5 percent, or 3.3 million people, before beginning to ease, but probably not before the end of 1994.

"They've got a good government to see them through" the recession, he said, noting that the emergency measures have not hurt the government's credibility in the market vis-à-vis its policy of maintaining the strong franc, nor its desire to bring the soaring deficit back into line. This year's budget gap is set to double this year to more than 317 billion francs, a result of lower tax revenue and higher spending on jobless and health benefits.

The emergency measures, combined together to late May by Mr. Balladur and his finance minister, Edmond Alphandéry, include 24 billion francs for various programs to fight unemployment, tax reductions for companies and outlets of 8 billion francs for new public works, plus 8 billion francs in new capital for cash-strapped state-owned companies.

The program will be financed by new taxes on alcohol and energy, a doubling, to 2.4 percent, of the social tax imposed on all individuals, and a special 40-billion-franc bond issue, to be made in the weeks ahead. This issue, Mr. Balladur said, will serve as a relay loan, ultimately to be repaid by 40 billion francs to this year's anticipated proceeds from the coming privatization campaign.

The government introduced enabling legislation for the sell-off program in May, and the first pri-

vatzations are to begin this fall, provided market conditions are agreeable. The list includes 21 companies, but only half of them are in a strong enough financial condition to be considered in the first wave.

These include, in the industrial sector: Elf Aquitaine (oil), Pechiney (aluminum), Rhône-Poulenc (chemicals and pharmaceuticals), and Renault (cars and trucks). On deck, once profitability is established, are: AeroSpace, Air France, Compagnie Générale Maritime (shipping), Machine Bull (computers), SEITA (tobacco), SNECMA (aircraft engines), Thomson (consumer electronics), and Usinor Sacilor (steel).

In the insurance sector, there are five sell-off candidates, and all were profitable in 1992: Assurance Générale de France, Caisse Nationale de Prévoyance, Groupe des Assurances Nationales, Union des Assurances de Paris and Caisse Centrale de Réassurance. AGF and UAP are expected to be the first in this group put on the auction block.

The first bank to be privatized will undoubtedly be Banque Nationale de Paris, which reported a 2 billion franc net profit for 1992,

and recently got a new chairman, Michel Pébereau, formerly head of commercial bank CCF, to prepare the way. Three other banks to be put up for sale when earnings recover are Crédit Lyonnais, which lost 1.8 billion francs for 1992, Banque Hervet and Société Marseillaise de Crédit.

Unlike France's 1986-1983 privatization program, in which foreign participation was limited to 20 percent, the new privatization legislation sets no limits on foreign ownership, though it does allow the state the prerogative of retaining a "golden share" in companies deemed of strategic importance—companies like Aérospatiale and SNECMA. This share would give the government representation on the company board, the right to block share ownership by individual investors beyond a certain level, and allow it to veto asset disposals it believed would harm national interests.

Piers Butler, director of Baring Securities France, predicted there would be significant interest in the privatizations from foreign institutional investors, but he warned that the government employs its golden share too frequently. It would also undermine Mr. Balladur's philosophical aim—to gradually withdraw the state from the economy.

"If the state's influence runs too great, the change the government is seeking won't be allowed to occur," Mr. Butler said.

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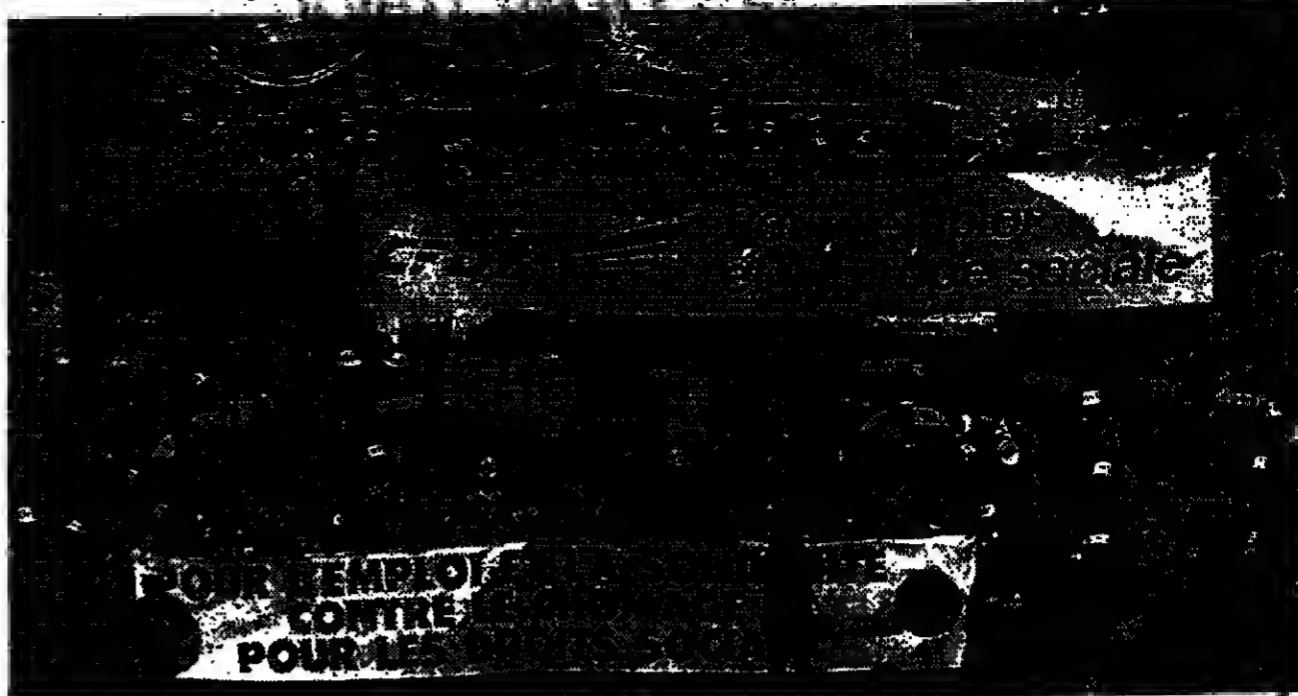
"If the state's influence runs too great, the change the government is seeking won't be allowed to occur," Mr. Butler said.

MEANWHILE, the publicity generated by the privatization campaign could have positive run-off benefits, government officials say, by helping boost direct foreign investments—the kinds that save and create jobs via foreign acquisition of struggling French companies, strategic alliances or direct setting up of industrial operations.

"France will again be in the headlines, but in a positive sense," said Jean-Daniel Tordjman, a special ambassador for international investments. "The first consequence will be on the stock exchange, but it will also increase international interest in other French companies, the French economy and the French investment process."

In 1992, foreign direct investment in France jumped 38 percent to 86 billion francs, a new record, putting it among the top two countries, with Britain, for inward investment last year. Net portfolio investments in French stocks and bonds by foreigners also hit a record last year, at 284 billion francs.

JACQUES NEHER is a journalist based in Paris.



Demonstration in Strasbourg protesting unemployment.

Unemployment: Will It Ever Go Away?

By Barry James

PARIS — They beat the Socialists on the specific issue of unemployment and chalked up the biggest parliamentary majority in France's history, but the center-right parties now in power are having no better luck in turning back a rising tide of joblessness.

Having promised to tackle unemployment as its main priority, the center-right has chosen to continue the tight money policies of the Socialists, and tacitly accepts that jobs will continue to drain away as a consequence.

With more than 3 million officially listed as seeking work, France's unemployment rate is roughly in line with the European Community average of just over 11 percent, but the figures do not include those who for one reason or another have given up looking for work. Counting these, some economists put the number of unemployed as high as 5 million, with more than a quarter of people between 18 and 25 out of a job.

Only in three of the past 15 years, 1986 to 1989, has France managed to create more jobs than it lost. Yet, during that period, it has consistently achieved a higher rate of productivity increase than most of its industrialized competitors.

For example, in the United States between 1982 and 1990, productivity rose by 1.3 percent but employment was up by 2.1 percent. In France, productivity grew by 2.2 percent, but the number of jobs increased by only 0.3 percent over the same period, according to a study in the magazine *Fortune*.

to make social security contributions, in order to even the equation. Employers in France support a higher proportion of social security costs—about 50 percent of wage costs—than most other countries in the EC, with the exception of Spain. This, it is argued, is a disincentive to hiring, and one government proposal is to exonerate from some of these charges, employers who take on first-time job seekers or long-term unemployed.

Another reason for the rise in unemployment is what is known here as "delocalization," the siting of factories in Third World countries where wages are a fraction of what they are in France and social protection is lacking.

A recent report by the French Senate's Finance Committee, headed by Jean Arthus, strongly criticized multinational companies that manufacture where it is cheapest and sell where the purchasing power is highest, irrespective of the social consequences. This process exists also within the European Community. Hoover's decision to close a plant in France and move production to Scotland, where labor is cheaper, set up angry accusations of "social dumping."

Mr. Arthus pointed out that in 15 years, the French textile industry has shrunk from 680,000 to 380,000 jobs and the shoe industry from 84,000 to 44,000 jobs, largely as a result of sited factories abroad, or buying from foreign manufacturers. France's trade deficit of 16 billion francs (nearly \$3 billion) with China and Taiwan equaled its surplus with all of its partners in the EC. Thousands of owners and employees in small textile businesses demonstrated in Paris recently when foreign clothing manufacturers exhibited their wares here.

Mr. Arthus said that the negative effects of buying where it is cheapest are not always taken into account. For example, he said that the French Agny-coiled pipe plant, 650 miles from Le Mans, was shut down in an immediate saving of 540,000 francs. But he said that cost 62 jobs in France, at a loss of several million francs to the taxpayer in unemployment benefits and foregone taxes.

The problem is that France's liberal economy is not always compatible with its comprehensive system of social security (this includes health insurance), which is based on contributions from workers and employers. Some have raised the question whether robots, too, ought

to make social security contributions, in order to even the equation. Employers in France support a higher proportion of social security costs—about 50 percent of wage costs—than most other countries in the EC, with the exception of Spain. This, it is argued, is a disincentive to hiring, and one government proposal is to exonerate from some of these charges, employers who take on first-time job seekers or long-term unemployed.

MEANWHILE, the unemployment insurance system, one of the cornerstones of social cohesion, is swamped with a cumulative deficit of 38 billion francs, and a deficit this year alone of 14 billion francs. Labor Minister Michel Giraud is proposing an increase in contributions to the fund rather than a government bailout, in order to plug the social security gap. But this means that money will be tighter and jobs even scarcer as a result.

Later this month, the government will float 40 billion francs worth of debt to promote job creation, apprenticeships and public works contracts. The money will serve as a stopgap until the administration starts raising cash by privatizing 21 state-owned industries or businesses. The loans will be repayable in shares of the privatized industries if leaders wish.

Meanwhile, in what was seen as a careless juggle, the administration raised the idea of assisting workers who agree to take salary cuts to avoid job losses in their industry. Mr. Giraud dropped the proposal after unions pointed out the obvious: that employers would seize on the plan to reduce salaries of the taxpayers' expense.

The government has criticized employers who resort too readily to layoffs, and Mr. Balladur recently attacked "the inhuman practices" of some bosses. But there is an element of contradiction here, because the government is telling state-owned companies to prepare for privatization by increasing profitability and productivity, and they are laying off workers as fast as companies in the private sector. At the same time, the government has announced plans to cut its own labor force by 1.5 percent a year as part of a budget balancing plan.

BARRY JAMES is on the staff of the International Herald Tribune.

Annual Reports

AGF
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In 1992, AGF achieved FF 59.4 billion in premium income (up 7.4% from the previous year) and net earnings of FF 1.5 billion. AGF is present in 38 countries through a network of branches, agencies, subsidiaries and associated companies. In 1992, AGF's international activities represented 39.3% of premium income. The Group employs 22,000 people throughout the world. Business in France is generated through 1,356 general agencies, located throughout the country, and via the largest life-insurance sales network in Europe. Chairmen of the Board: Michel ALBERT. General Managers: Jean-Daniel LE FRANC and Yves MANSION.

ALCATEL ALSTHOM

Alcatel Alsthom is a world leader in high technology equipments for communications systems (Nr. 1), cables (Nr. 1), energy and transport (world records with high power gas turbines and high speed trains - TGV).

With over 200,000 people primarily in Europe, Alcatel Alsthom is active in over 100 countries around the world.

In 1992, with sales of FF 162 billion, Alcatel Alsthom's net income amounted to FF 7 billion, up 14 % from the 1991 level.

BNP

Despite an adverse environment for the banking industry, Banque Nationale de Paris had a reasonably good year in 1992, following a recovery in earnings in 1991: net operating income totaled FRF 11,814 million and consolidated net income FRF 2,387 million. For the future, BNP will continue to improve its geographic coverage of the most promising markets, and extend the scope of its financing and market activities, both in France and abroad; with DRESDNER BANK, BNP will enter in 1993 a crucial phase of its partnership.

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Cap Gemini Sageti, an independent and public group with about 21,000 employees, is one of the leading computer services companies in the world and the largest in Europe.

In 1992, Cap Gemini Sageti realized consolidated revenues of FF 12 billion (+ 18.5%), of which 70% were generated outside France.

The Company's leadership is acknowledged in oil advanced software technologies.

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Elf Aquitaine is one of France's leading industrial groups in terms of sales and net income. Elf Aquitaine has one of the highest market capitalizations on the Paris Bourse.

The company has also been listed on the NYSE since 1991.

The Group is one of the 10 largest oil and gas companies worldwide. It is also very active in chemicals and has a solid position in the health sector.

1992 sales: FF 200.6 billion.
1992 Net income: FF 6.2 billion.

HAVAS

Created in 1835, Havas is now France's largest media and communications group.

Companies set up or acquired over the years are grouped in seven business areas, operating and investing both in France and abroad: Local Media, Directories, International Multimedia Sales, Tourism, Full-Service Advertising, Publishing, Audiovisual.

Consolidated revenues 1992: FF 28.2 billion.
Net income, group share 1992: FF 823 billion.
Chairman and Chief Executive Officer: Pierre DAUZIER.

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With its 120,000 men and women working on five continents, the group Lyonnaise des Eaux-Dumez - through the complementary strengths of its construction and services sectors - contributes daily to bettering the environment and the standards of living in communities world-wide.

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- Construction and urban development - buildings and civil engineering, transport infrastructure, concessionary operations (toll-roads, car parks), industrial installation.
- Environment-related services - water supply and sanitation services, energy technologies, waste management.
- Services to communities - health-care, leisure facilities, TV and cable, mortuary services.

Key figures: Consolidated turnover: 90.4 billion French francs - Cash flow: 5.2 billion French francs - Investments: 9.9 billion French francs.

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French Economy

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International Herald Tribune
Tuesday, June 15, 1993
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Stock and Bond Markets Wait to Be Convinced

By Martin Baker

PARIS — Will they sink or will they swim? International investors have been asking that question of the ambitious series of privatizations, which may rise up to 500 billion French francs (\$95 billion), ever since it was put forward by Prime Minister Edouard Balladur's government last month.

The sheer size of the proposed privatizations has aroused intense interest among analysts, who will be observing the new right-of-center government's stewardship of the economy and the stock and bond markets with great interest. In addition to stimulating these markets, the government has embarked on a program of fiscal reform, designed to divert some of the vast pool of savings from French money market funds.

At the end of 1992, there were almost 1.8 trillion francs in SICAVs (a type of mutual fund), according to statistics from the leading French regulator, the Commission des Opérations de Bourse (COB). Most of that is held in money market-invested funds.

"It's a very interesting time for the French financial markets," said David Harrington, a Paris-based French country analyst at the stock brokerage firm, James Capel. "They're being asked to jump a few hurdles while the government goes about the business of reform. We can expect more and bigger fiscal incentives than the present one, allowing transfer from money market funds to share-invested savings plans without penalty."

The first hurdle the markets will have to jump is the floating of a 40 billion franc government bond issue, redeemable in shares from the privatized companies. The bond issue, unveiled by Edouard Balladur, the finance minister, tests the strength of both markets.

Despite a number of skeptical comments about the market's ability to swallow the chunk of the industry being offered by the government, dealings in late May and early June in the French government bond futures market indicated a degree of confidence that the loan would not weigh heavily on the public sector. Since the announcement, government bond futures, traded on the Paris futures and options market, known as the MATIF, have edged upward.

Shares, too, have been stimulated. Dealers had been describing share trade as listless for almost a month before the publication of the privatization program. Then the CAC-40, the main market indicator of 40 leading shares quoted on the Paris Bourse, broke through the 1,900 mark. It dipped back down again shortly after, but gained more than 60 points last week to trade around 1,930 as dealers anticipated Monday's 0.25 percent cut in interest rates by the French central bank. Many analysts believe the 1,900 level is no longer a key resistance point.

other markets may suffer. The money market-dominated French mutual fund industry is the biggest in Europe, and is second only to that of the United States in the world. The money fund market will shrink if the government gets its way.

"We can expect the government to pursue fiscal reform with vigor in the next year," said a senior economist at a Paris-based international agency. "They want to change the conservative investing habits of the French public."

But even if the money fund market diminishes slightly, the market that serve it are in good health. One of the key sources for money funds is the bond market. The latest statistics from the Banque de France revealed 4,516 issues of paper at the end of May. Short-term bonds of less than a year accounted for four-fifths of the market.

MARTIN BAKER is the editor of the International Herald Tribune's Money Report.

	1987	1988	1989	1990	1991	1992	1993*
Investment	67	82	89	80	61	68	61
Profit	7.0	2.3	2.2	3.0	14.8	22.3	20.7
Debt	3.1	1.8	1.4	2.7	44.1	48.0	51.2
Equity	8.4	18.7	11.1	12.0	11.8	32.7	33.3
Dividend	25.0	88.8	21.1	18.1	35.2	28.8	17.3
Net income							
Employees							

Investment Overseas Cools Off

By Conrad de Aenlle

PARIS — Foreign investment by French companies has slowed markedly in the last couple of years, as fiscal restraint has won out over the free-wheeling acquisitiveness of the 1980s that left corporate France with more debt than it ought to have and overseas operations that often hurt more than they help.

French companies were not alone in the cross-border buying binge of the last decade; it was joined as the right thing to do by businesses worldwide. But the idea did not catch on in France until relatively late in the game, say those who follow French industry.

When it did catch on, a number of concerns leaped overseas with wallets open.

"Investment by French companies, especially in the U.S., peaked in the late '80s with a wave of takeovers," said Sophie Blampain, who analyzes French companies for Credit Suisse First Boston. "Pechiney, Rhone-Poulenc, St. Gobain... there was kind of a rush for acquisition and expansion by those companies." French businesses "were at one time the single largest investor in the U.S., making some of the largest bids."

But coming in after a trend is fully in force can be costly. By the time French companies started making foreign deals, many of the best pickings had already been snatched up.

"Quite unfortunately for French companies, they bought at top prices, and when the dollar was high," Ms. Blampain remarked. "For the last few years, they have been a drag on their earnings." The spate of takeovers "in the long term might pay, but in the short term is very painful."

chiny, the state-controlled metal packaging and manufacturing concern. In 1988, the year in which it acquired American National Can, its long-term debt rose 133 percent to 21.7 billion francs, or just over \$4 billion at today's rate.

When Michelin bought Uniroyal Goodrich in 1990, it increased its long-term debt by 40 percent during the course of the year, but far worse than that, the purchase helped to take the tire maker from a 3.8 billion franc profit in 1989 to a loss of nearly 5 billion francs in 1990. The company continued to lose money the following year, although the loss was much smaller.

A new anxiety has set in at businesses in these straits. "French companies are concentrating on reducing their debt," said Fiac Butler, head of French equities at Baring Securities. "There is a tremendous effort to reduce overall levels of indebtedness."

In a slow economy, this is not easy to do. One method is to cut loose foreign holdings. Michelin, for instance, sold two American subsidiaries early this year in its effort to pay off loans and get back to the right side of zero. Others are taking the same tack.

"There is a tendency in France, as in other countries, to concentrate on core operations," said Ms. Blampain. "They're disposing of non-core holdings, especially the difficult foreign ones."

That is reflected in figures showing the flow of investment out of France. After its recent peak at \$27.1 billion in 1990, French foreign investment fell to \$18.2 billion last year, according to provisional statistics compiled by the Organization for Economic Cooperation and Development.

"There is a cyclical aspect to investment generally," explained Robin Hubbard, chief economist at Paribas Capital Markets Group. "What we had at the end of the '80s, particularly in France, was increasing corporate invest-

ment," along with the drive to the single European market, which led to "cross-border investment in all directions. In the current environment, profits are under pressure. Companies don't have the funds to make investments. But it's a cyclical phenomenon, rather than a structural one."

The lack of money is not keeping the French from expanding overseas, but it is compelling them to go about it differently, by acquiring smaller stakes, for instance, and staying closer to home.

"After focusing on the U.S., there's more of an eye toward Europe and also more thought, perhaps, about joint ventures," Mr. Butler said. "There's not the sort of 100 percent acquisition we saw in the States, but taking an initial stake and developing an understanding with a company to boost their European presence."

While French companies are stepping abroad more gingerly, foreign companies are increasing their investment in France, an experience shared by few other developed countries.

France received \$16.3 billion in foreign investment last year, OECD's provisional figures show, compared with \$9.2 billion in 1990, better growth than any other major OECD economy, most of which showed declines.

The reason for the strong inflow, Mr. Hubbard believes, is France's prominent position in the popes' region stretching from northern Italy, through Western Germany, northern France, the Low Countries and Britain. France, he said, is well situated for companies that want access to that large market. "That's where the people are and where the marketing is going to take place," he said. "That shouldn't be too bad for France."

CONRAD DE AENLLE is a Paris-based writer specializing in financial and economic topics.

HAVAS 1992 AT A GLANCE

Havas is organized around seven major sectors of activity:
Local media • directories • international multi-media sales • tourism • full-service advertising • publishing • audiovisual.

INCOME FROM OPERATIONS BEFORE TAXES 1992: FF1,893 MILLION.

AUDIOVISUAL 30%	EXCL. REP. 24%
PUBLISHING 10%	DIR. TORIES 12%
ADVERTISING 6%	FREE SHEETS 6%
TOURISM 1%	OUTDOOR AD. 5%

* of which: Cash+ FF 406 m, CIT FF 142 m

KEY FIGURES FOR THE HAVAS GROUP	1992	1991	1990
Consolidated Financial Data (in FF millions)			
Revenues	28,183	26,497	23,661
Income from operations before taxes	1,893	1,851	1,978
Consolidated net income	1,099	1,475	1,457
Net income, Group share*	823	1,083	1,154
Cash flow	1,171	1,151	1,210
Investments	2,997	2,360	2,267
Shareholders' equity, including minority interests	9,495	8,178	6,989
Shareholders' equity, Group share	8,561	6,581	5,640
Cash and marketable securities net of financial debt	2,218	1,939	2,490
Employees (consolidated companies)	12,430	12,462	11,904
Per share data, in francs, adjusted			
Net income, Group share**	19.4	28.1	30.1
Gross dividend paid by Havas	12.00	12.00	10.35

* Before amortization of goodwill on acquisitions.
** Based on the weighted average number of shares during year.

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Category of organization:
 International organization
 Pension fund
 Embassy / Commercial attaché's office
 Press
 Government department / agency
 Bank / financial intermediary
 Mutual fund / investment fund
 University
 Press individual
 Central bank
 Insurance
 Commercial company
 Research institution
 Other

SPORTS SOCCER

Court Backs Sugar, Venables Ousted in Bitter Spurs Fight

Compiled by Our Staff from Despatches

LONDON — Terry Venables, one of Britain's best-loved soccer figures, lost his job Monday as chief executive of the Premier League club Tottenham Hotspur when a High Court judge refused to extend an injunction that had kept him in the position.

Venables, who owns 23 percent of the shares in the publicly traded team, has been locked in a bitter court battle with Alan Sugar, a computer tycoon who owns 48 percent and sacked Venables in a power struggle last month.

Sir Donald Nicholls, the judge hearing the case, upheld the majority decision of the Spurs' board, which, the judge said, had a right to "hire and fire." To grant Venables a renewed injunction would, Nicholls said, would "merely postpone the date at which all concerned must face up to fact that his appointment, for better or worse, has been terminated."

He also ordered Venables to pay Sugar's legal expenses.

Venables, who once played for Spurs, had sought to persuade the court to extend the injunction pending a bid to buy out Sugar's share in the club.

"I understand the decision," Venables said as he left the court. He made no further comment as he slipped into taxi and left.

Sugar was smugged out of the judge's entrance to the court because of irate supporters of Venables who had packed the hearing and were gathered outside.

When Venables and Sugar resumed the de-hoisted club in 1990, the move was seen as a dream ticket for one of England's most successful and popular clubs, although it still could not avoid selling star players, such as Paul Gascoigne to Italy's Lazio and Gary Lineker to Japan's Grampus Eight.

After the split, several players who supported Venables said they would leave the club if he were dismissed, and the vast majority of the team's fans have backed him.

"The critics who had called for Graham Taylor's head after last week's loss to the U.S. team appeared at least ready Monday to give the English team's manager a stay of execution after Sunday's 1-1 tie with Brazil.

"David Platt removed the noise from Graham Taylor's neck," said the tabloid Daily Mirror in a reference to England's scorer.

The Sun, another of the papers who last week wanted Taylor to resign or be fired, said that England's performance against the impressive Brazilians "has no doubt saved his job until the World Cup reopens next season."

In Washington, Taylor said he was looking for a "turning point, and this might be it." He added: "Let's hope it is."

"It's topics for 1994 World Cup soccer match at Giants Stadium in East Rutherford, New Jersey, sold out in two hours after being put on sale to the general public, while tickets for matches in Washington's Soldier Field sold out in four hours, according to a statement re-

leased by the tournament's national organizing committee.

"This far exceeds our expectations," said Guido Tononi, the communications director for FIFA, soccer's international governing body. "It's an overwhelming success. It proves that the United States is maturing for soccer."

He said the remaining seats at one of stadium were expected to sell quickly.

Because U.S. Cup '93 matches were being played in Chicago and Washington on Sunday, when the nationwide general public sale began, a toll-free phone number was activated Saturday in those two cities only, with buyers allowed to purchase tickets only for matches in their respective areas.

But, because of a glitch, the approximately 5,000 ticket packages for the four first-round and one round-of-16 matches that will be played at RFK Stadium were made available to callers from Chicago, and Chicago tickets to District of Columbia area callers.

Matches also will be played at Foxboro Stadium near Boston; the Cotton Bowl in Dallas; the Pontiac (Michigan) Silverdome; the Rose Bowl in Pasadena, California; the Citrus Bowl in Orlando, Florida; and Stanford Stadium in Palo Alto, California.

Tickets for the quarterfinals, semifinals, third-place match and championship game will be sold this fall through a lottery.

The U.S. team flew to Ecuador on Monday for the Copa America tournament without six of its European-based players whom the coach, Bora Milutinovic, had given a rest after a long season.

John Harkes, who plays for Sheffield Wednesday in England, and Thomas Dooley, the Kaiserslautern midfielder who scored two goals against Germany and one against England in the U.S. Cup, had hoped to go to South America, but were ruled out because of injury.

Dooley has an ankle injury and Harkes requires surgery for a hernia.

Only midfielder Tab Ramos, who plays for Real Betis in Spain but missed much of the season because of injury, will stay with the U.S.-based players for the South American tournament, which starts Tuesday in Quito.

The U.S. team, which with Mexico has been invited by the South American confederation to join the tournament, will be severely weakened in attack, with strikers Roy Wegerle, Eric Wynalda, Eric Stewart and Frank Klopas missing.

Werder Bremen, the new German champion, has signed 20-year-old Russian star Vladimir Besic to a one-year contract, to spearhead next season's European campaign.

The Spartak Moscow striker will replace defender Rube Bratsh, who wants to return to Norway.

AC Milan's unsettled Dutchman, Rued Gullit, 30, arrived in Munich for talks with Bayern Munich. (AP, WP, Reuters, AFP)

For investment information
read THE MONEY REPORT
every Saturday in the IHT



Rob Butler took a dive on a ball hit by the Tigers' Alan Trammell, but the Blue Jays avoided falling further behind in the AL East.

The Mile-High Air Probably Made the Astros Dizzy

The Associated Press

It was a Rocky weekend in Denver for the Houston Astros.

And when it was over, some of the losers seemed dazed by the Colorado expansion team's first sweep of a series.

"They have a decent pitching staff," Ken Caminiti following the Rockies' 9-1 triumph Sunday, their third straight, and a team record.

In fact, Colorado's pitching staff has an earned run average of 5.91, by far the worst in the majors.

"Colorado is not a bad team," Caminiti continued.

At 20-41 it is at least not the worst in the major leagues. The New York Mets are 19-41.

"We didn't play that poorly,"

said Houston's manager, Art Howe.

The Rockies outscored the Astros, 28-16, in the series.

Only losing pitcher Greg Swindell seemed to have figured it out from a series.

"These guys kicked our butt," he said.

Andres Galarraga hit a two-run homer and drove in three runs. Dante Bichette got four hits and Bruce Ruffin bled Houston to five hits through 6 1/2 innings after opening with five straight strikeouts.

The victory was Colorado's fifth in six games against Houston.

"That's weird," Bichette said.

With a crowd of 60,349, the Rockies broke the attendance record for an expansion club in a season. In 30 home dates, the Rockies have drawn 1,719,566.

Bichette, who had hit safely in his last four at-bats the night before, did so in his first three Sunday. Later he added an RBI single.

Martinez 5, Pirates 2: Pinch-hitter Ricb Renteria's two-run triple in the seventh beat Pittsburgh and gave the other expansion team, Florida, its first sweep at home.

The victory — their fourth straight and eighth in nine games — put the Marlins in fourth place in the NL East.

Dodgers 2, Padres 1: Rookie Mike Piazza singled in a run in the first. Brett Butler's two-out single scored another in the second and Orrel Hershiser scattered eight hits as Los Angeles won in San Diego to split the four-game series.

Gary Sheffield doubled, singled and scored the Padres' only run, in the fourth, to continue a six-game hitting tear. In that span, he is 14 for 23 with five RBIs.

Giants 5, Cubs 3: John Burkett became the NL's first nine-game winner and Barry Bonds hit his 17th homer to give San Francisco a three-game sweep over visiting Chicago.

Down by 3-1, the Giants moved in front with a three-run fifth, and Darren Lewis singled in a run and

Brett Stretches Out To Step on Chisox

The Associated Press

The Kansas City Royals remained a step ahead in the American League West on the legs of 40-year-old George Brett.

Brett, who got four hits and drove in two runs, stretched a single into a double to put himself in position to score the winning run on Kevin McReynolds' single with two out in the 10th inning of a 5-4 victory over the visiting Chicago White Sox on Sunday.

"First of all, George is a future Hall of Famer," said the White Sox manager, Gene Lamont, after his team missed a chance to sweep Kansas City and take over first place in the division.

"George plays the game as if it is supposed to be played. He always has and he will until the day he retires."

With one out in the 10th, Brett lined a ball to left-center that hit the artificial turf and bounced high. Left fielder Tim Lincecum fielded the ball cleanly, but never had a shot at Brett, who was running hard out of the box and never slowed as he rounded first.

"I never had any doubt," said Brett, whose 646th double tied him

for eighth on the career list with Carl Yastrzemski.

"I've played a lot of games here," Brett said. "I know the turf. When the turf gets hot, the ball bounces. The turf was hot. I was hoping it would bounce over his head."

Chicago had tied in the ninth, but Ron Karkovics' triple off Todd Gordon, who wound up as the winning pitcher.

Brett hit RBI singles in the first and third innings. Mike MacDougal

AL ROUNDUP

lance hit a two-run homer for the Royals.

Mariners 12, Angels 7: Timo Lincecum hit a three-run homer in the second inning and every Seattle player had one hit by the end of the third inning at California.

Yankees 9, Brewers 5: Bernie Williams drove in three runs as New York won three of four games in Milwaukee.

Rangers 5, Indians 1: Roger Pavlik held shut out visiting Cleveland on four hits for eight innings and Ivan Rodriguez backed him with a two-run homer and three RBIs for Texas.

Pavlik allowed only three runners to reach second, struck out six, and walked two as Texas snapped a four-game losing streak.

In earlier games, reported in some Monday editions:

Blue Jays 13, Tigers 4: Tony Fernandez bled, doubled twice and drove in five runs as Toronto avoided a four-game sweep in Detroit.

Fernandez is 5 for 10 with two doubles, a triple, a home run and six RBIs in two games since being traded by the New York Mets to Toronto. With the Mets, he had only eight extra-base hits in 183 at-bats.

Athletics 7, Twins 6: Scott Eiland doubled home the go-ahead run in the ninth as Oakland won at Minnesota and ended a five-game losing streak.

SCOREBOARD

Philadelphia	29	34	440	12
San Diego	25	37	460	19
Los Angeles	20	41	328	20

Major League Standings

American League East Division	W	L	Pct.	GB
Detroit	30	27	.524	-
Toronto	28	29	.491	2
New York	28	28	.500	3
Baltimore	31	31	.500	3
Boston	29	25	.538	3
Pittsburgh	27	27	.500	4
Minnesota	23	35	.398	9
Cleveland	22	34	.393	10

American League West Division	W	L	Pct.	GB
Vancouver	31	27	.532	-
Chicago	31	28	.524	-
California	29	30	.491	2
Minnesota	28	31	.476	3
Texas	29	31	.483	4
Seattle	27	33	.448	5
Oakland	22	32	.407	10

National League East Division	W	L	Pct.	GB
Philadelphia	41	17	.703	-
St. Louis	32	26	.552	9
Montreal	30	29	.510	11
Florida	30	21	.588	11
Chicago	28	31	.476	15
Pittsburgh	28	32	.467	15
New York	19	41	.317	26

National League West Division	W	L	Pct.	GB
San Francisco	41	25	.619	-
Atlanta	35	27	.563	6
Houston	32	28	.534	9
Los Angeles	32	28	.534	9

Sunday's Line Scores

American League	Score
Baltimore	100 000 00-2 4 0
Boston	000 000 000-1 4 0
Chicago	000 000 000-4 0 0
Cleveland	000 000 000-4 0 0
Detroit	000 000 000-4 0 0
Minnesota	000 000 000-4 0 0
New York	000 000 000-4 0 0
Pittsburgh	000 000 000-4 0 0
Texas	000 000 000-4 0 0
Toronto	000 000 000-4 0 0
Vancouver	000 000 000-4 0 0
Seattle	000 000 000-4 0 0
San Diego	000 000 000-4 0 0

National League	Score
Atlanta	000 000 000-4 0 0
Boston	000 000 000-4 0 0
Chicago	000 000 000-4 0 0
Cleveland	000 000 000-4 0 0
Detroit	000 000 000-4 0 0
Minnesota	000 000 000-4 0 0
New York	000 000 000-4 0 0
Pittsburgh	000 000 000-4 0 0
Texas	000 000 000-4 0 0
Toronto	000 000 000-4 0 0
Vancouver	000 000 000-4 0 0
Seattle	000 000 000-4 0 0
San Diego	000 000 000-4 0 0

National League	Score
Atlanta	000 000 000-4 0 0
Boston	000 000 000-4 0 0
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Cleveland	000 000 000-4 0 0
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Minnesota	000 000 000-4 0 0
New York	000 000 000-4 0 0
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Texas	000 000 000-4 0 0
Toronto	000 000 000-4 0 0
Vancouver	000 000 000-4 0 0
Seattle	000 000 000-4 0 0
San Diego	000 000 000-4 0 0

BASEBALL

American League

BOSTON — Pin Scott Fletcher, infielder, on 15-day disabled list, retroactive to June 10. Activated Jeff Robinson, infielder, from 15-day disabled list.

N.Y. YANKEES — Sent Jeff Johnson, pitcher, to Columbus. IL Recalled Scott Kormanick, pitcher, from Columbus.

TEXAS — Put Robb Nen, pitcher, on 15-day disabled list. Recalled Jeff Bromberger, pitcher, from Oklahoma City, AA.

National League

COLORADO — Activated Mark Grant, pitcher, from 15-day disabled list. Recalled Jason Johnson, pitcher, from Colorado Springs, PCL.

HOUSTON — Signed Chad Crowder, Tom Carraway, Michael Orlowski, Richard Hundert, Edward Lewis and Jon Phillips, pitchers; Brett Collins and Trevor Froeschner, catchers; Derek Roe, first baseman; Gary Brisson, second baseman; Terry Brown and Tim Forner, third basemen; Mark Durawac, shortstop; Scott Elche, Klint Kloss, John Vindich and Ted Waczarczak, outfielders.

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AUTO RACING

Canadian Grand Prix

Results Sunday by the 360.476 km Canadian Grand Prix: 7th place ahead of the pole-sitter, Nigel Mansell (Williams) led the field in the 50th running of the race.

1. Nigel Mansell (Williams); 2. Ayrton Senna (Williams); 3. Damon Hill (Williams); 4. Gerhard Berger (Ferrari); 5. Michael Schumacher (Benetton); 6. Eddie Irvine (Jaguar); 7. Jacques Villeneuve (Williams); 8. Rubens Barrichello (Williams); 9. Andrea Montermini (Larrousse); 10. Mark Blundell (Williams); 11. Olivier Beretta (Larrousse); 12. Johnny Herbert (Bristol); 13. Michael Schumacher (Williams); 14. Johnny Herbert (Bristol); 15. Michael Schumacher (Williams); 16. Mark Blundell (Williams); 17. Olivier Beretta (Larrousse); 18. Nigel Mansell (Williams); 19. Nigel Mansell (Williams); 20. Nigel Mansell (Williams); 21.

SPORTS NBA FINAL

Singh Wins U.S. Open Tune-Up

By Jaime Diaz

New York Times Service
HARRISON, New York — One of the most improbable journeys in golf has reached a milestone with Vijay Singh of Fiji winning the Big Chick Classic by defeating Mark Wiebe on the third hole of sudden death.

After hoisting a 10-foot (3-meter) putt on the final hole of regulation, Singh, 30, hit a brilliant 6-iron to win five feet of the cup on the 44th hole (105-meter) 11th at the Westchester Country Club, and made the putt to win his first tournament on the PGA Tour.

Singh came from five strokes behind in the final round to tie Wiebe in regulation at four-under-par 280. Both players closed with five-under-par 66s to tie for the low round of the tournament.

David Frost, who also shot 66, and the third round co-leader, Lee Janzen, who had a one-over 72, tied for third, one stroke behind Singh and Wiebe.

The winning score was the highest, by three strokes, in the 27 years the tournament has been held at the Westchester club. Wind, high rough and fast, firm greens made the challenge of the course similar to what the field will face at Baltusrol at this week's U.S. Open.

Although Singh comes from a country that has never before had a world-class professional, and he has had to endure the rigors of tours in America, Asia, Africa and Europe before coming to America, the victory was no accident.

He had won 13 tournaments worldwide, including four on the highly competitive European PGA Tour. In 11 events in America over the last two seasons, he has yet to miss a cut and has had five top 10 finishes. With this \$180,000 check, he has now earned \$377,081 in only seven events this year to stand 20th on the money list.

He has impressed U.S. pros with his length off the tee, his diligence in putting in long hours on the practice tee and, most of all, a classic swing that was heavily influenced from studying photos and films of Tom Weiskopf.

As he was going past the 18 players who were either tied with him or ahead of him going into the last round, the 6-foot, 2-inch, 190-pound Singh expressed the same confidence with his long, fluid swing as he easily, loose-limbed gait and an impeccable manner.

"That's my nature," said Singh afterwards in his clipped English. "I get nervous out there, but I guess I take it better than most guys. I was surprised at the amount of support I got. The crowd fired me up."

Sheehan Wins LPGA Title

Leonard Shapiro of The Washington Post reported from Bethesda, Maryland:

With one four-foot putt for the money on the 72nd hole, Patty Sheehan, 36, who gained the Ladies Professional Golf Association Hall of Fame in March, beat Lauri Merzino by one stroke to add the Mazda LPGA Championship to her already gaudy collection of trophy room bangles.

Sheehan, who shot 69 for a four-day total of 9-under-par 275, earned a check for \$150,000 out of the \$1 million prize for winning her third LPGA Championship and her fourth major title. She drank champagne in the press box, then retreated to the member's pool for some giddy half-painers off the diving board, still dressed in her pale yellow plus-fours. The third-round leader, Jenny Liddbeck, landed in five bunkers in her first nine holes and struggled to a final-round 78.

Wimbledon Seedings Set

The Associated Press
WIMBLEDON, England — Wimbledon officials deviated from the world rankings Monday to give higher seedings to Stefan Edberg, Andre Agassi and Martina Navratilova in the tournament that starts Monday.

The All England Club made Pete Sampras and Steffi Graf the top seeds but used its own discretion to favor certain players with grass-court expertise.

Edberg, a two-time Wimbledon champion ranked No. 3 in the world, was seeded No. 2 ahead of Jim Courier, who has had little success on grass.

Three-time champion Boris Becker was seeded No. 4, last year's runner-up Goran Ivanovic was No. 5, 1991 champion Michael Stich was No. 6 and Ivan Lendl was No. 7.

Defending champion Andre Agassi was seeded No. 8, although he has not played competitively since August 9 because of tendonitis in his right wrist. He is to start his comeback Tuesday in a grass-court tournament in Halle, Germany.

Among the women, defending champion Graf was seeded No. 1 based on her world ranking reclaimed at the French Open.

Arantza Sanchez Vicario, who is ranked No. 2, was seeded third behind nine-time champion Navratilova. The rest of the seedings followed the rankings.



Kevin Johnson, driving on R.J. Armstrong, was an ever-present pain to the Bulls for a record 62 minutes.

Suns' 3-Overtime Victory Leaves Both Teams Looking for Respite

By Clifton Brown

New York Times Service

CHICAGO — For the Phoenix Suns, it was a test of character, a test of endurance. And it was a test of how badly they wanted their season to continue.

The Suns passed on all counts. In a triple-overtime thriller that left both teams drained, they outlasted the Chicago Bulls, 129-121, in Game 3 of the National Basketball Association championship series Sunday night in Chicago Stadium.

Instead of facing elimination, the Suns now trail the Bulls, 2-1, in the best-of-seven series, with Game 4 to be played here Wednesday night. So far, neither team has been able to win on its home court.

"These are two great teams playing, and I don't think it really matters all that much where the games are played," said the Suns' coach, Paul Westphal. "Being down 2-0 was enough motivation. This will go down as one of the greatest playoff games ever played."

Numerous championship series records were set or tied.

It was only the second triple-overtime game. The first was played in 1976, in Game 5 of the Boston Celtics-Suns series, a game won by the Celtics, 128-126, in Boston Garden.

Kevin Johnson played a record 62 minutes, surpassing the 61 minutes played by the Bulls' Gary Heard in that 1976 game.

And Dan Majerle tied a record held by three other players by making six 3-pointers.

In addition, Phoenix's nine 3-pointers broke the record of eight set by the Detroit Pistons against Portland in the 1990 final. The Bulls and Suns also set a 3-pointer record, with 14 between them.

Phoenix finally won with a 9-2 run late in the third overtime, turning a 118-116 deficit into a 125-118 lead with 1 minute, 9 seconds left to play. Majerle started it with his final 3-pointer, giving the Suns a 119-118 lead. Then he stole the ball from Scottie Pippen, leading to a fast-break dunk for Charles Barkley, who finished with 24 points and 19 rebounds.

After an exchange of missed shots, Barkley made another crucial play, stealing Stacey King's outlet pass and dunking to make it a five-point lead. Then, after Michael Jordan missed a jumper, Majerle was fouled on a drive. He made both free throws to put Phoenix seven points ahead.

At last, the Suns had won in this championship series.

Both teams showed signs of weariness. In the first overtime, only 8 points were scored, tying a record in the finals for the fewest points in an overtime period. Jordan, who got 44 points and 9 rebounds, still made just 9 of 27 shots in the second half and the three five-minute overtimes.

He was bothered by both fatigue and Johnson, who guarded him during the overtime periods.

"My shooting was a result of my tired legs," Jordan said. "I had good looks. Everyone was tired. It's a difficult game to accept, especially here in Chicago. We have to give them credit."

It was a night of redemption for Johnson, who got 25 points and nine assists following subpar performances during the first two games. His 62 minutes on the court were phenomenal for a point guard with ball-handling responsibilities. Actually, he played for more than 62 minutes, not leaving the floor until the final 27.3 seconds of the game.

"I told Kevin that he would be in there unless he told me he was tired," Westphal said. "He forgot to tell me. He has taken a lot of criticism that is not entirely his fault. Tonight, Kevin Johnson showed all those watching what a sensational player he is."

So did Majerle, who scored 28 points, making 6 of 8 from 3-point range. His biggest shot was an 18-foot jumper with 3.2 seconds left in the second overtime that made it 114-all, forcing the third overtime.

"My teammates found me and I was able to hit the shots," Majerle said. "We came in here with a lot of confidence, but it was a game we had to have."

The Bulls failed to capitalize on numerous opportunities after rallying from an 11-point fourth-quarter deficit to tie at 103 with 93 seconds left.

Jordan missed a 14-foot jumper with 28 seconds left in regulation that could have given Chicago a 2-point lead, and he missed another jumper over Johnson that could have given the Bulls a 2-point lead with 25 seconds left in the first overtime.

The Bulls led, 113-109, with one minute left in the second overtime. But after Barkley and Jordan exchanged free throws, Barkley hit a 12-foot jumper to make it a two-point game. Then, after Pippen (26 points, 10 rebounds, 9 assists) shot an air ball, Majerle responded with his clutch jumper to force another overtime. From there, the Suns took over.

Asked about Johnson guarding him, Jordan said, "They had to do something to save Majerle's legs for the offensive end. This was me for the first time K.J. has ever guarded me. We made adjustments, but we couldn't capitalize when we needed to."

Barkley's sore right elbow was a concern for the Suns. The All-Star forward, voted the league's most valuable player this season, had fluid removed from his elbow 30 minutes before tipoff, then was also given anti-inflammatory medicine to keep the swelling down. He had injured the elbow late in Game 2 when he fell heavily after losing his balance in pursuit of an offensive rebound.

Wearing a heavy pad on his elbow, Barkley did not appear as offensive-minded as usual, but he was there when the Suns needed him.

"I don't care what anybody says, we had to win today," Barkley said. "We couldn't go down 3-0. The best thing about this is that now I get three days' rest."

Everyone needed a rest when this one ended. Pippen, for one, was suffering from leg cramps but said he would be fine. And while they did not want to use it as an excuse for losing, the Bulls were not pleased that they attempted just 9 free throws on Sunday night, while the Suns attempted 31.

"I'm not going to talk about it," Jackson said of the officiating.

Said Westphal: "I think these have been three of the best officiated games I've seen. Anyone who disagrees was not watching what I'm watching."

By winning, the Suns made this a series quest for a third consecutive title has suddenly become more difficult.

"We came in with the idea of sweeping," Jordan said. "Now they have a little more confidence, and that could be dangerous."

Bulls Must Size Up the Unmeasurable Mr. Barkley

By Ira Berkow

New York Times Service

CHICAGO — The bald, wounded warrior, one Charles Barkley, his bare skull gleaming in the Chicago Stadium lights, his charcoal-dark eyebrows slanted in tension, the sore elbow on his shooting arm cocooned in a bulky wrap, led the Phoenix Suns to a most improbable but stupendous triple-overtime victory over the home team, the defending champions, the Michael Jordan Chicago Bulls.

It wasn't all Barkley, to be sure — there were Kevin Johnson and Dan Majerle and Tom Chambers, among others — but Barkley's skill pervaded the entire team, as it did in Game 2, although that time it was in a losing cause.

His elbow was drained of fluid before the game. He played the last part of the game with five fouls, but he continued to take the important rebound, whip a proper pass to keep the ball rotating, and at the end of the final period, with the game on the line, he was given the ball by his team to make it or miss it. He missed, he missed, he missed, he made, he made, he made.

While he often plays with the rather serene concern of a man who has been thrown in the ocean and told to sink or swim, he found time near game's end to joke with Jordan and Scott Williams, each grabbing Williams around the waist during a timeout.

The game itself was a masterpiece like a Mona Lisa, and Barkley had the wit and perspective to stand back and admire it. Especially when his team was ahead.

"This was the greatest game I've ever played in," Barkley said after the game. "I got to a point where I really didn't care who won or lost. I don't think like everybody else. It's not all about wins. It's about doing the best you can."

Barkley finished the game with 24 points and 19 rebounds and a bright, bright smile on his worn face. After all, he had just played 63 minutes.

It was generally considered that Barkley, the domed-shaved philosopher-forward would have to come up big in this game, bigger than his estimated height of 6 feet, 4½ inches.

Phil Jackson, the Chicago Bulls' coach, was acutely aware of this. "His size is immeasurable," said Jackson. "Charles grows to whatever size he has to. It may have something to do with the ridges in his skull bones."

"Nah, it's got nothing to do with the skull bones," responded Barkley. "You can't measure a guy's heart or determination, and that's gotta be a big part of my game."

So it is, and so it was.

ONE OF THE TRUE pleasures of watching professional basketball is watching Charles Barkley play as hard as he possibly can. Which is every breaking moment. It is difficult to conceive of him doing much more.

Of all the remarkable athletes who blow onto the stage of the NBA, none is more impressive — and sometimes more curious — than the singular Sir Charles.

At his odd height, as basketball people refer to it, Barkley

rebounds with the big guys and performs as a playmaker like the little guys. And scores, in most cases, better than any of them.

In between, he finds time to film provocative commercials, telling the world in one that, rightly, athletes shouldn't be held up as role models to do the job parents do; in another, he sings an operatic song that one can only guess is dubbed, for somehow Sir Charles' persona, at least, is more baritone than tenor.

WHEN THE PHOENIX fans booed Kevin Johnson, the Suns' beleaguered playmaker, Barkley defended him in a news conference and told those miserable fair-weather fans that if they felt that way, then they shouldn't even come to the games. This of course thrilled the Phoenix front office, which has a habit of counting the house. But Charles says what's on his mind, whether you like it or not.

Sometimes he's way off, like the time after throwing a hard elbow at an Angolan player in the 1992 Olympics he said he was only defending himself and added: "How did I know he wasn't carrying a spear?"

So it was back to basketball. "I believe in this team," Barkley has said. "All year we did what we had to do." And what they did was win more games during the regular season than anyone else, and Sir Charles was named the league's most valuable player.

But all good things, as Voltaire or Kant or maybe Barkley said at some point, must come to an end.

At this point, the end is not as near as it appeared before Game 3, thanks, in large measure, to the unmeasurable man.



Charles Barkley: "It's about doing the best you can."

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ART BUCHWALD

Politicking à la Carte

WASHINGTON — There are approximately 2,450,430 political dinners held in Washington every night. Obviously, elected officials cannot attend all of them. So they do what is called a "drop by," which means stopping in to shake hands and have their pictures taken with the dinner's organizers. It's dirty work — but somebody has to do it.



Buchwald

Senator Mike Kandoos is probably the champion "drop by" artist at Capitol Hill, having never missed an official dinner in 24 years of public service. I arranged with one of his aides to take me along on Kandoos's rounds.

Paris Firms to Help Pay For Musée d'Orsay Show

PARIS — A show at the Musée d'Orsay here of works from the United States is attracting the "biggest private contributions for an event in the plastic arts" ever seen in France, Culture Minister Jacques Toubon said Monday.

riend in Senator Kandoos. As a child he always ate lasagna and, if he has his way, every student in America will be having it for school lunch. Kandoos shook his hand and we moved on. The aide whispered to him. "They're having a small dinner upstairs for people who have contributed more than \$100,000 to the Lethal Weapons Association. I promised them a drop by on the understanding that you would come out against the 15-minute waiting period to buy a gun."

The reception was cool. The president of the LWA told the senator that if he ever voted for any anti-gun legislation he'd make sure that Kandoos never ate lunch in the Senate dining room again.

From there we descended to the basement to drop by a costume party given by the Texas Chain Saw Manufacturers Organization. They asked Kandoos to say a few words. He did. "If anyone needs a tax break in this country it's the chain-saw manufacturers, and I promise you that the president knows where I stand on this issue. If his tax hike message singles out your group it will be 'tasta la vista' for his administration."

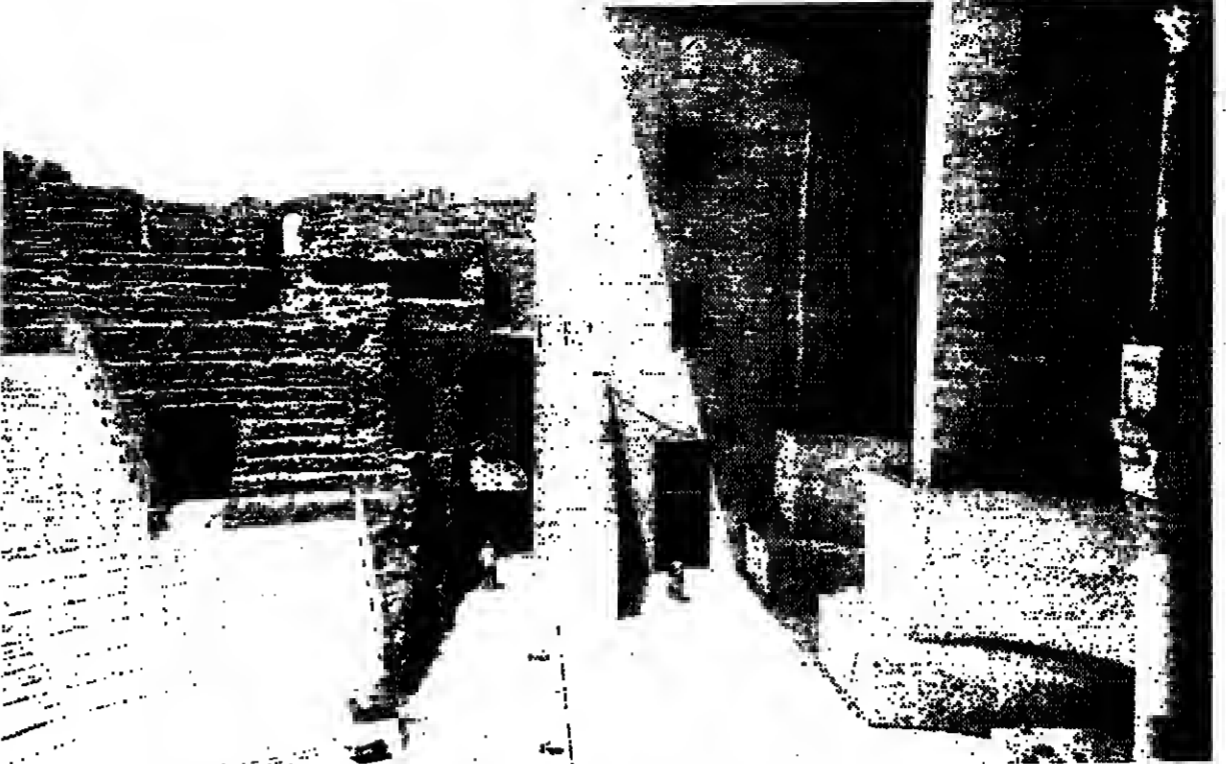
In an hour we covered parties and dinners and halls at the Sheraton Park, the Mayflower, the Omni and the Hyatt Regency. I was puffing hard but Kandoos was as fresh as when we started.

"Do you get credit even if you don't stay for the entire meal?" I asked. "We never promise anyone that I'll stay for dinner. The big boys just want to be able to tell their people that I came." The aide said, "Senator, we're coming up to a cocktail party given by the 'We Are Women' coalition. I am sure that they are going to ask you why you voted for Justice Thomas and against Anita Hill."

Architects? Throw Them to the Lions

By Alan Riding
New York Times Service

SAGUNTO, Spain — Over the centuries, as it lost sculpted columns and stone blocks to newer construction sites, the Roman theater in Sagunto slowly took on the appearance of a ruin. But, though badly scarred, its fine semicircular auditorium survived to remind people of 2,000 years of history.



The restoration of the first-century Roman theater in Sagunto, Spain.

Today, the theater still stands on a hillside below a Moorish castle overlooking Sagunto, but it is no longer recognizable. Rows of stone seats that were once crumbling have been hidden by polished white limestone, while the traditional view of the auditorium has been blocked by a huge new stage front.

Valencia's provincial government is clearly proud of its \$6 million restoration. And with three years' work almost complete, it hopes Sagunto will soon join Orange in France, Verona in Italy and Mérida in western Spain as towns that have become cultural centers thanks to their Roman theaters.

But celebrations may be premature. Most townspeople, it seems, strongly dislike the radical face-lift given to the theater. "I'm sure that with time they'll get used to it," Mayor Manuel Girona said. "But it's true that many people are upset because they are used to the old image."

A bigger headache is the doing of Juan Marco Molines, 59, a Valencia lawyer. In 1990 he sought a court order to halt work on the theater and in May a tribunal ruled in his favor. Now it is up to Spain's Supreme Court to decide if the entire "new" theater should be dismantled.

"It's very imprudent to stop work so close to the end if you really care about conservation," said Manuel Portaceli, a Spanish architect who designed the project with Giorgio Grassi of Italy. "And if we're told to return it to its original state, does that mean hiding things we have found?"

While Sagunto talks of little else, the dispute has also stirred interest beyond Spain because it touches on an issue that frequently divides museum curators, art historians, archaeologists and architects: How far should modern science and design go when it comes to "rescuing" old paintings, sculptures and monuments?

The question arose when I.M. Pei's glass pyramid was built in the main courtyard of the Louvre. It arose again when the cleaning of the Sistine Chapel exposed the "shocking" colors that Michelangelo originally used. Now, it seems, the debate is being stretched something further.

"If one extreme is simple conservation, that is, leaving something to die, this is the

other extreme," Grassi conceded as he showed a visitor around the site. "In this case, out of a Roman theater, we have created a modern and functioning theater in the style of the ancient Romans."

He and Portaceli defend their stage front, 25 meters (82 feet) high — which will provide lights and decor for performances — by recalling that Roman theaters always included such a structure. They also insist that the limestone blocks only cover the results of previous restorations.

For Molines, however, historical monuments like Sagunto's theater should be preserved, but never restored to their original state or modernized beyond recognition. "This monument is a footprint of the history of a people," he said. "Now, its historical and testimonial role has been obliterated."

The provincial tribunal in Valencia, 25 kilometers (15 miles) south of here on Spain's east coast, agreed. In reality, it was only asked to decide whether the blueprint violated Spain's Law of Historical Patrimony and not whether it had artistic merit. But the result was almost the same.

The 1985 law spells out clearly that conservation, consolidation and rehabilitation of historical monuments "should avoid all efforts at reconstruction unless

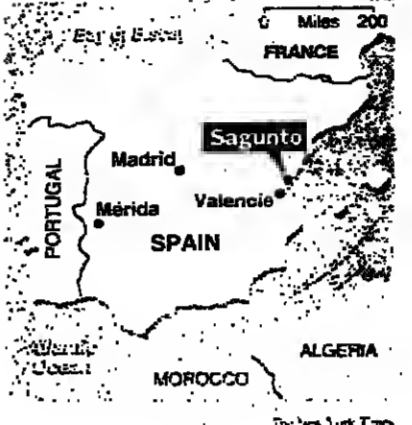
parts proven to belong to the original are used." And, in this case, modern material was widely used.

The tribunal also noted that the theater had been reconstructed without any reliable information about its original shape. And by hiding much of the original auditorium under limestone blocks, the authorities had "impeded proper enjoyment of the monument" by the public.

The ruling brought a prompt response from 115 architects from half a dozen countries who dismissed those who criticized the project "with more passion than reason" and praised it for its "profound respect of history" and its "valuable contribution to the theory of restoration."

Andrés López, Valencia's cultural chief, also pointedly ignored the order to stop work, arguing that measures had to be taken to protect the site during the wait — perhaps two years — before the Supreme Court gives its final word. And with luck, it seems, these measures will suffice to finish the job.

"This is going to be a symbol of all of Valencia," López said, raising his voice above the noise of workers polishing the tank-covered stage. "It's an example of how to rehabilitate a monument at the end of the 20th century. I think it's the most



important example of restoration in Spain.

Manor Girona sounded far less ebullient. He admitted that Sagunto's small Archaeology Society recently voted 2-1 against the "new" theater. But he said the plan was to open it for guided tours as soon as possible in the hope of winning over local public opinion.

In the cobble streets leading down from the theater, though, hostility simmers on. "No one likes it," an old woman said as she emerged from her home. "I can't see the theater any more."

PEOPLE

45th Venice Biennale: Fuzzy TV and Graffiti

At the 45th Venice Biennale, which has the same fascination for art dealers, museum curators, collectors and journalists that the Piazza San Marco has for pigeons, Richard Hamilton of England and Antonio Tapies of Spain won Golden Lions for painting and an American, Robert Wilson, won for sculpture. The jury also recognized the German Pavilion for its presentation of two artists of different nationalities, Hans Haacke of Germany and South Korean Nam June Paik. Louise Bourgeois, 82, won a special mention for her exhibit at the American Pavilion. One reporter described the overall tone of the Biennale this way: "Genitalia and fuzzy television screens, images of death and works chock-full of graffiti are everywhere."

Nor could Elizabeth Taylor pass up the Biennale as an opportunity to shake the tree for funds to fight AIDS, a charity she has made her own. She was invited by the research foundation she leads to be the guest of honor at an "Art Against AIDS" benefit. About 450 people — including Lauren Bacall, Mikhail Baryshnikov and members of the former royal family of Bulgaria — paid \$1,700 a plate.

Michael Jackson has bowed to Israel's rabbin, pushing back the date of his September concert in Tel Aviv by two days to avoid "desecrating" the Sabbath. A spokesman thus described Jackson's reasoning: "Michael believes in peace and flexibility and he wants everybody to be happy."

"I have AIDS," begins an article by Joseph Brodsky, 62, in The New Yorker. "One of the things that struck me when I was first told that I had AIDS," he writes, "was that I was cut off from my family inheritance of fatal diseases — the strokes and high blood pressure and cancers and tumors of my ancestors." He concludes: "Really, I can say nothing further at this point. Pray for me."

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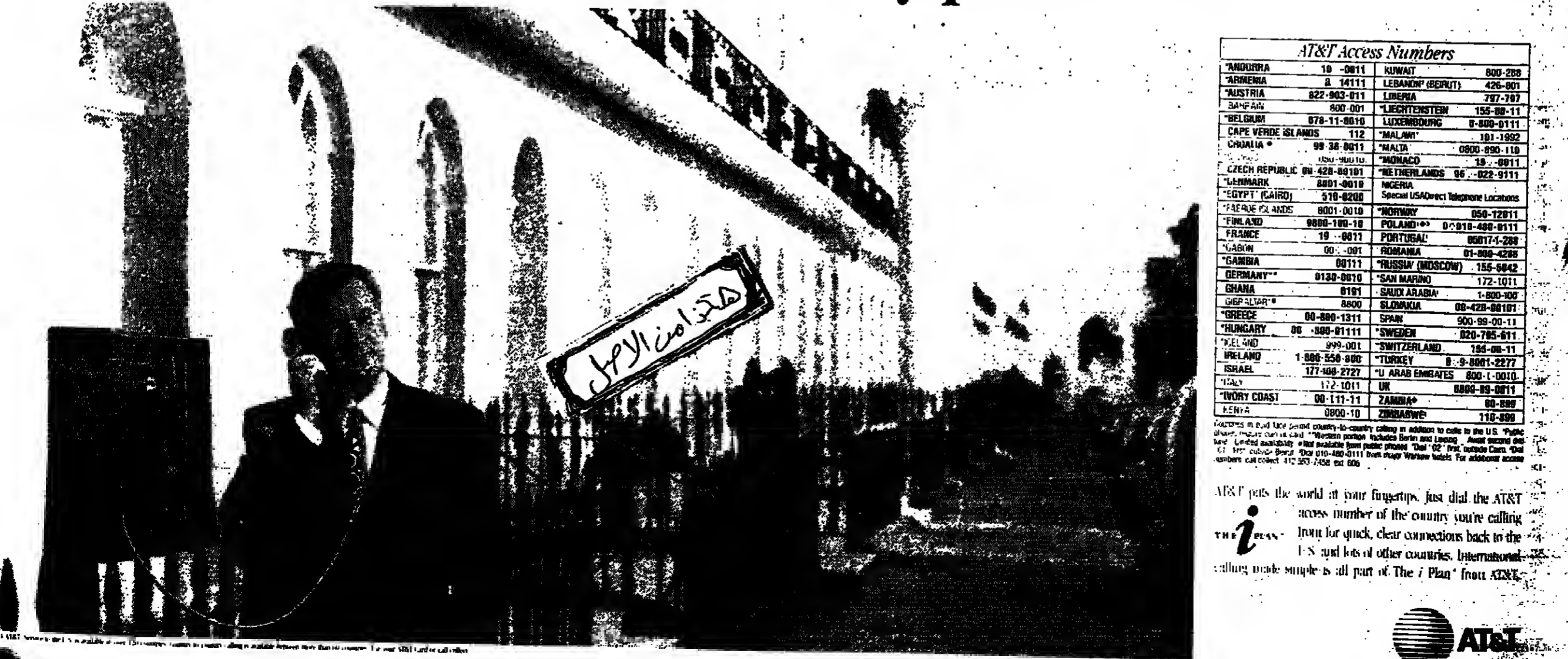


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